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Summary record of the 6th meeting
Held at Headquarters, New York, on Wednesday, 10 October 2001, at 10 a.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-57378 (E)

The meeting was called to order at 10 a.m.

Agenda item 129: Improving the financial situation of the United Nations

Statement by the Under-Secretary-General for Management

1. **The Chairman** announced that the statement that the Under-Secretary-General was about to make would be incorporated in the Secretary-General's report on the financial situation of the United Nations, which was to be debated the following week.

2. **Mr. Connor** (Under-Secretary-General for Management) observed that his report on the financial position of the Organization would depart from precedent in that its recurring theme would not be doom and gloom. He was pleased that at last he could be the herald of good tidings.

3. The first piece of good news was that the assessed payments of Member States in 2001 should amount to the unprecedented sum of $4,716 million, compared with $2,893 million in 2000. That figure included contributions already paid at 30 September and those projected to be paid during the third quarter by the United States of America and by other Member States. The forecasts were based on current information supplied by the United States of America and several other Member States and on an analysis of payment practices in the past.

4. Payments in 2001 by the United States of America were expected to total $1,666 million, the bulk of which would arrive between October and December. Payments by other Member States were put at $3,050 million, most of which had been received by the end of September.

5. Total payments expected from the United States of America during the fourth quarter, according to information from the Government of that country on the status of its domestic legislation for funding such payments, amounted to $1,459 million, comprising $582 million for peacekeeping arrears, $572 million for additional payments to the current year's peacekeeping assessments, $23 million as an additional payment towards the international tribunals, $251 million as the remainder of the regular budget assessment for 2001 plus a contribution of $31 million made possible by Mr. Turner.

6. The figure already quoted of total expected receipts in 2001, something over a third of which would probably be made up of payments by the United States, was 11 per cent higher than total assessments for the year. The ratio of payments to assessments, which gave some indication of the Organization's financial health, not only exceeded 100 per cent, but was substantially higher than in most recent years. That was of capital importance, for it meant that the Organization had more funds than it currently required, which gave it a measure of financial flexibility and might enable it to pay its debts, for example.

7. As for the regular budget, aggregated assessments amounted to $1,074 million and total payments should reach an almost identical figure, $1,078 million, $755 million of which had already been received. With a flexibility rate of 100 per cent, no cross-borrowing should be required, at least insofar as the year as a whole was concerned.

8. Assessments for the two international tribunals stood at $169 million. A total of $173 million was expected by year's end, $145 million having come in before the end of September. A collection rate of 102 per cent gave a good idea of how the system was supposed to work.

9. Assessed contributions for the financing of peacekeeping operations should total over $3 billion, and payments should total $3.466 billion by the end of the year, including $1.711 billion paid as at 30 September against the assessments issued in 2001. With the $1.755 billion that the Organization hoped to collect by the end of the year, the collection rate would be 115 per cent, a good harbinger of financial liquidity sufficient for a major reduction of the debt owed to Member States.

10. For the first time in many years, the United Nations might have a solid basis on which to function, enabling it to deal with issues as they arose, such as reimbursements for troops and equipment, cash deficits and cross-borrowing.

11. The amount and timing of cash inflows largely determined the Organization's financial situation, which was judged according to three key indicators, namely, the level of unpaid assessments, the level of cash balances and the level of debt to Member States. Assessment levels were an indicator of the service demands placed upon the Organization and the resources needed to meet those demands. The

aggregate assessment levels projected for 2001 were $4.246 billion — a major increase over 2000, twice the size of 1999 and very close to the previous highs in 1994 and 1995. Nearly all of the increase related to peacekeeping.

12. Regular budget assessment levels had been static for the past eight years, and 2001 was no exception, with levels at just over $1 billion. That was a clear confirmation of the Organization's attention to financial discipline. Real costs had been reduced sufficiently to cushion the effects of inflation, making it possible to absorb unforeseen costs relating to peace and security without budget overruns, and to produce in 2001 a regular budget total lower than in 1994. Nevertheless, there were clouds on the horizon: inflation was higher, exchange rates were more volatile and more unfavourable, and additional services had been requested by Member States, whereas a final reading on maintaining the 2001 budget level would not be made until year-end.

13. Assessments for the financing of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda had increased steadily over the past five years, to $169 million in 2001. The Tribunals alone employed 1,800 staff members.

14. With regard to peacekeeping, the picture was much more erratic. Assessment levels had been very high in 1994 and 1995; the amounts had diminished each year from 1996 to 1999, but had risen rapidly thereafter, reaching a level just slightly below the 1994 level in 2001. Member States had already received eight assessment letters in 2001; depending on the decisions of the Security Council, the peacekeeping assessment level was expected to exceed $3 billion by the end of the year. The assessments were concentrated in five large missions (the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Transitional Administration in East Timor (UNTAET), the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the United Nations Mission in Ethiopia and Eritrea (UNMEE)), which might total over $2.4 billion by year-end. Assessments for the remaining seven missions totalled just $600 million.

15. Against that backdrop, he turned to the first key indicator of the Organization's financial situation, the level of unpaid assessments. As at 30 September 2001, unpaid assessments totalled $3.893 billion, as compared with $3.094 billion the year before. All three budgetary areas showed increases in unpaid amounts: unpaid regular budget assessments ($541 million) had increased modestly, unpaid peacekeeping assessments had reached an unprecedented level ($3.281 billion), and unpaid Tribunal assessments had increased to $71 million. That notwithstanding, aggregated unpaid assessments were projected to fall to $1.799 million by the end of the year — a marked improvement.

16. On 30 September, the United States had owed 83 per cent of the total unpaid regular budget assessments, or $447 million; Brazil had owed $33 million, Argentina $19 million, and the remaining Member States $42 million. The situation should be markedly different on 31 December. Unpaid regular budget assessments should decrease to $217 million, with the United States share dropping to 76 per cent.

17. It was encouraging to note that the number of Member States which had paid their regular budget assessments in full had increased steadily, reaching 141 in 2000. As at 30 September 2001, however, only 122 Member States had paid in full. If a setback was to be avoided, at least 20 more Member States must pay in full during the third quarter; two had already done so.

18. As to the international tribunals, of the $71 million in unpaid assessments as at 30 September, the United States owed $38 million, the Russian Federation and Brazil together owed $21 million, and the remaining Member States owed $12 million. The payments expected to be received from the United States by the end of the year included $23 million for the tribunals, which would reduce the United States debt to $15 million.

19. Unpaid peacekeeping assessments at the end of September had reached $3,281 million, of which $1,837 million or 56 per cent was owed by the United States of America. That was reflective in part of the issuance in July of an assessment aggregating over $1.4 billion. Fourteen other major contributors together owed over $1 billion and only 12 per cent of the total was owed by other Member States. The Organization expected to receive from the United States by 31 December 2001 more than $1.1 billion in payment of peacekeeping assessments, including $582 million in arrears payment, which would bring the amount due down to $683 million and represent a marked

expected by the end of the year and the amounts owed by other Member States could therefore be reduced to $844 million. It would therefore be no exaggeration to state that a sea change would occur during the following three months: a decline in the level of unpaid assessments.

20. The second key indicator was the cash position. With regard to regular budget cash, the Organization had started the year with a positive balance of $66 million and up until June receipts had been for the most part in excess of disbursements. That, however, was the end of the positive picture. At the end of September, the cash position had been in deficit (minus $22 million) and the deficit position was expected to continue and deepen reaching minus $147 million at the end of November. If the United States of America paid the full balance of their regular budget assessment for 2001 in December, the regular budget cash amount at 31 December would be $2 million. Payment of assessed contributions was not the only contributing factor: revenues had fallen off on account of the closure of the Headquarters building to visitors, first for the holding of two special sessions and later as a result of the events of 11 September. However, it remained obvious that the recurring cash deficit during the last three months of each year would become chronic unless Member States paid their regular budget assessments on or about the date when they became due, namely, 31 January.

21. The situation with regard to peacekeeping cash was in many respects the opposite. From January to August, balances had remained relatively stable and then had begun to build in September. High inflows were expected in the last months of the year, notably from the United States of America (an arrears payment of $582 million and assessment payments for 2001 totalling $572 million). The cash balance would rise to approximately $1.8 billion in October and November before falling to $1.238 million at year-end, as a result of payouts to Member States for troops and contingent-owned equipment obligations long in arrears. Payments would begin as soon as the United States arrearage payment was in hand.

22. Combined year-end cash was projected to be at the level of $1,264 million at 31 December 2001. The picture was better than earlier years, but still tenuous for an Organization that had no reserves, no capital and no borrowing capacity.

23. With regard to the third indicator, debt to Member States, the United States had decided to release $582 million in arrears. In addition to a cash payment of $475 million, a credit of $107 million beneficial to the United Nations would arise from the application of troop and contingent-owned equipment obligations due to the United States, which would reduce by the same amount the disbursements that the Organization would be required to make and would therefore have the same effect on its cash position as payment of the same sum in cash. The operation should take place in early November and the Organization hoped to begin reimbursements to other Member States shortly thereafter. It would begin with claims for reimbursement that had already been certified (payment of $505 million to be made to 48 Member States), with the remaining portion ($77 million) being paid as claims were processed, if possible before the end of the year. In order to speed up the processing, the Governments in question were requested to sign the required memorandums of understanding as quickly as possible.

24. At 1 January 2001, the Organization's debt to Member States for troop contributions ($164 million) and contingent-owned equipment ($753 million) stood at $917 million. Instead of the $100 million that had been forecast earlier in the year, it expected to pay $131 million for 2000 obligations. Obligations for 2001 were forecast to be $668 million instead of $504 million (in fact, several current missions had larger contingent-owned equipment components than most other missions, the General Assembly had approved higher rates of reimbursement for troops and equipment, and the Department of Peacekeeping Operations had revised its estimates of amounts due); payment of 2001 obligations should amount to $450 million instead of $417 million, the $582 million in arrears received should be paid out by way of reimbursement, and the Organization hoped to be able to make additional reimbursements of $166 million in 2002 by way of reimbursement of 2001 obligations. That would bring the Organization's total debt down to $256 million instead of $904 million. Based on the above scenario, he could say and even repeat out loud that the United Nations would be current in terms of paying troop-contributing countries and that he had been wrong to describe the debt situation as intractable.

25. In conclusion, the finish line was in sight. Unpaid assessments were down, cash was up, debt to Member States had been drastically reduced and financial stability and security were close at hand. Perhaps the Organization needed it now more than ever.

The meeting rose at 10.40 a.m.

United Nations A/C.5/56/SR.7

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Fifty-sixth session

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Fifth Committee

Summary record of the 7th meeting

Held at Headquarters, New York, on Thursday, 11 October 2001, at 10 a.m.

Chairman: Mr. Bhattarai (Vice-Chairman) ..... (Nepal)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-57558 (E)

The meeting was called to order at 10 a.m.

Agenda item 122: Programme budget for the biennium 2000-2001

Visitors experience (A/55/835 and A/56/7)

1. **Mr. Niwa** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on the proposal for enhancing the United Nations experience for visitors (A/55/835), recalled that the concept, which had been put forward by the Better World Fund, had been developed by the same consultants who had carried out the initial study on the capital master plan. The proposal was currently no more than a concept paper, proposing the acceptance of a contribution in kind; it was not a budgetary document, but if the proposal was implemented, it would have operating costs and, hence, implications for the regular budget: it was therefore being submitted to the General Assembly at the current time. The proposal would involve accepting from the United Nations Association of the United States of America (UNA/USA), subject to various conditions which were explained in paragraph 20 of the report, a new visitors' pavilion, which would offer interactive facilities and also provide an opportunity to expand commercial activities and improve their profitability.

2. The Secretary-General's proposal predated the events of 11 September, which would clearly have implications for its implementation. From the crucial point of view of the safety and security of delegates, staff and visitors, the relationship of the visitors' experience to the capital master plan took on an additional dimension, since security considerations required close coordination of those two elements.

3. The Secretary-General was proposing the acceptance in principle of that contribution so that UNA/USA could proceed with fund-raising and the preparation of a schematic design, on the understanding that the resources needed to construct the new pavilion and the connector link to the General Assembly building (estimated at between US$ 50 and 60 million) would be raised by UNA/USA, which would also provide contributions in kind for the outfitting of the new pavilion and the multimedia interactive facilities. The operating costs would be the responsibility of the United Nations and, if the proposal was accepted, would have implications for the regular budget, which were reviewed in section VI of the report, once the visitors experience was operational, which would be in 2004/2005 at the earliest.

4. The Secretary-General wished to confirm that the procedures outlined in the report of the Advisory Committee on Administrative and Budgetary Questions contained in document A/36/643 would be followed during the various phases of the project. The Advisory Committee recommended that, in order to recognize the international character of the project, efforts should be made to expand the number of potential contributors by inviting other national United Nations associations to participate in the project and seeking their advice. The Secretary-General had already conveyed that recommendation to UNA/USA.

5. The Advisory Committee also believed that the Administration should devote particular attention to the issue of fixed expenditure. In order to study the way in which that expenditure would be balanced with potential revenue, it would be necessary to have a more detailed understanding of the design and content of the interactive multimedia exhibits, which would be available only after the preparation of the schematic design. A detailed budget proposal, giving accurate estimates of revenue and operating costs, could then be submitted to the General Assembly. The Secretary-General would also explore the possibility of public service advertising of the new visitors' centre at minimal cost. In his proposal, the Secretary-General envisaged the establishment of a capital improvement fund. As recommended by the Advisory Committee, the rules governing the replenishment, operation and management of the fund would be submitted to it for review in conjunction with the final proposals for the project.

Capital master plan (A/55/117 and Add.1)

6. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) informed the Fifth Committee of the progress of the capital master plan, updating the report submitted by the Secretary-General in June 2000 (A/55/117). In its resolution 55/238, the General Assembly had authorized the Secretary-General to proceed with the preparation of a comprehensive plan and detailed cost analysis for the capital master plan, specifying measures to protect the United Nations against cost overruns and identifying all the viable alternatives, and had decided to

appropriate $8 million for that purpose. The Secretary-General, through an international competitive bidding process, had engaged the services of the Italian group Renato Sarno, which included architects and experts in mechanical and electrical engineering, together with specialized consultants (including Turner Construction Company and Syska and Hennessy Engineers, which had been involved in the construction of the United Nations buildings some 50 years previously). The conceptual design and cost analysis should be completed in February 2002. In the context of the events of 11 September, the capital master plan had taken on a new urgency and dimension. As the Secretary-General had noted in his report, the security system was obsolete and the life safety systems were inadequate (the Office of Internal Oversight Services had pointed out the deficiencies in the security system in 1998 in its annual report, A/53/428, para. 95). The events of 11 September made it necessary to expand the scope of the work planned, taking into account different threat scenarios, and the work programme had been adjusted to reflect those priorities. From February to May 2001, in response to a request from the United States Congress, the United States General Accounting Office had carried out a detailed review of the capital master plan and concluded that the planning for the proposed renovation was reasonable and conformed to best practice. Discussions with the host country were ongoing; discussions with the City and with New York State would take place as soon as possible. The advisory board of financial experts and eminent figures would be set up as soon as possible and the review of the various financing options would begin as a matter of priority. The Secretary-General's report to the General Assembly, which should be available in May or June 2002, for discussion at the fifty-seventh session, would focus mainly on the scope of the core refurbishment, detailed in paragraphs 44 (a) to 44 (e) of document A/55/117. The report would also present various options for addressing the issues raised in paragraphs 44 to 49 of document A/55/117. Efforts would be made to outline the impact of construction, particularly in terms of providing temporary office space for the departments which would be displaced by the work. Finally, the report would address methods of controlling costs and preventing cost overruns at each stage of the project. Without prejudice to the General Assembly's decision, the Administration considered it prudent to take immediate steps to ensure proper preparation for subsequent phases, and in particular to engage a construction management firm prior to the completion of the design phase, so that the designs could be reviewed from the point of view of feasibility and implementation arrangements. A small team of Secretariat staff had been given the task of overseeing the project under the supervision of the Assistant Secretary-General for Central Support Services, but it would be necessary, once the project had been approved by the General Assembly, to provide additional staff with the required special skills and to set up a dedicated project management team. The Secretary-General would include proposals to that effect in his report.

Information technology in the Secretariat (A/55/780; A/56/7)

7. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) introduced the Secretary-General's report entitled "Information technology in the Secretariat: a plan of action" (A/55/780), of which the first part contained a strategy with its key objectives and the second part described the coordinated activities designed to implement the strategy. Some of the activities had already been implemented and others were planned. A survey in 2000 of the technical infrastructure in the Secretariat had shown that, overall, the Secretariat had managed to keep abreast of technological advances, but that the situation varied from one department to another and from one duty station to another, in terms of both infrastructure itself and human resources capacity. All departments and duty stations had experienced difficulties in recruiting and retaining information and communication technologies (ICT) staff. In essence, the survey had highlighted the need to establish a coordinated action plan to enable the Organization to take full advantage of new technologies and to remain up to date. The action plan, which the Fifth Committee was considering, aimed to ensure that the level of technology in the Secretariat as a whole was coherent and up to date. The main objectives concerned information (access and sharing), ICT field support, technical infrastructure, capacity-building and the achievement of e-administration. The report detailed the basic activities corresponding to those objectives, action taken to date, future action envisaged and results expected. One major issue was good governance of ICT activities: it was envisaged that the governance of activities would be partially centralized, as the Steering Committee on Reform and Management had decided to

create an ICT Board at Headquarters, responsible for managing core infrastructure, setting standards, selecting methods and putting in place Organization-wide systems, while the management of equipment, software and human resources in departments and offices would be decentralized. In addition, the Board would be responsible for coordinating the implementation of the activities set out in the action plan and monitoring the Organization's needs and the development of ICT, so as to advise the Steering Committee in that regard.

Profitability of the commercial activities of the United Nations (A/55/546; A/56/7)

8. **Mr. Niwa** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on proposed measures to improve the profitability of the commercial activities of the United Nations (A/55/546), said that some of those measures were elementary suggestions, while others would entail major changes. One aspect highlighted in the review, which had been conducted by a private consulting firm contracted by the Secretary-General, was the issue of physical area, a key component in the profitability of commercial activities. The visitors' area, however, had not changed substantially in more than 40 years, and it limited the scope of the facilities that could be offered to visitors. The proposal for enhancing the United Nations experience for visitors, as contained in document A/55/835, which had been introduced earlier in the meeting, would more than double that area (from approximately 39,000 sq. ft. to around 90,000 sq. ft.), enabling the facilities and services offered to visitors to be dramatically expanded. There were also short-term measures that would improve the profitability of the commercial activities and, equally important, their quality, namely, modernization of the signage and lighting and active promotion by the guides during the guided tours of the commercial activities on offer. He noted that the cost of the renovation of the Viennese Café had been entirely borne by the contractor.

9. The Advisory Committee on Administrative and Budgetary Questions had made some specific recommendations concerning the profitability of commercial activities (A/56/7, paras. IS 3.5 to IS 3.13). The Office of Central Support Services was in complete agreement with the Advisory Committee. Those recommendations were currently being implemented or would be incorporated within the overall framework of the proposal for enhancing the visitors' experience. The Advisory Committee would be consulted before the conclusion of any new contractual arrangement when the contract with the current contractor for the Staff Cafe, the cafeteria and the Delegates' Dining Room expired in April 2003. Steps had also been taken to discuss with the host country's postal administration more favourable rates of reimbursement to be paid by the United Nations, and the possibility of outsourcing postal activities was under consideration. As to the United Nations Book Shop, the Administration, like the Advisory Committee, considered that any contractor should have a background in book sales in order to be able to expand the sale of United Nations and related publications. However, given the changes that would occur with the implementation of the visitors' experience proposal, the search for and selection of such a contractor would best be done when the Administration had a clearer picture of the overall design of the new visitors' area.

Implementation of projects financed from the Development Account (A/55/913)

10. **Mr. Civili** (Assistant Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General on the implementation of projects financed from the Development Account (A/55/913), said that the report should be read in conjunction with the report of the Advisory Committee on Administrative and Budgetary Questions on part XIII of the proposed programme budget for the biennium 2002-2003 (A/56/7, para. XIII.1-XIII.5). The bulk of the report was devoted to the progress made in implementing the 23 projects approved in the programme budgets for the bienniums 1998-1999 and 2000-2001 and the impact of those projects. While the report described the situation as at 31 March 2001, he would provide updated information reflecting the situation as at the end of September 2001. Out of a total of $26,130,000 approved for 23 projects since the establishment of the Development Account, almost $12 million, or 45.4 per cent, had been spent as at 30 September 2001, leaving a balance of $14,264,800. The drafting of the report had been an opportunity to review the experience thus far and to draw lessons from it, including with respect to the management of the Account, reporting and evaluation.

11. He emphasized, firstly, the role of the Executive Committee on Economic and Social Affairs in the selection, design and performance monitoring of Development Account projects. Joint execution of cross-sectoral, interregional, regional and subregional projects, which was encouraged, would be very difficult in practice without the leadership of the Executive Committee. It should also be noted that the Development Account was helping to harmonize technical cooperation approaches and implementation modalities in the Secretariat. It was becoming increasingly clear that the use of information and communication technologies, with the encouragement of the Executive Committee, was an effective way of reducing costs and maximizing impact. Those technologies had also enabled the Department of Economic and Social Affairs to provide central support to the Development Account without having a dedicated structure, which would be costly, or additional full-time staff. The Development Account web site (http://www.un.org/esa/devaccount/), launched in the third quarter of 2000, allowed users to access, inter alia, up-to-date information on all the approved projects, the text of decisions relating to the Development Account, and guidelines on project submission, financing and reporting, and it provided links to the other departments and programmes concerned. The Department of Economic and Social Affairs had just finalized a special Development Account module of the Integrated Monitoring and Documentation Information System. From October 2001, progress performance reporting on projects financed from the Development Account would be done online and in real time, as individual activities were actually being implemented.

12. He then turned to the weaknesses revealed by the review of the reports submitted by implementing agencies, which were discussed in document (A/55/913, Part IV, paras. 280 to 291). The programme manager had been considering them with the implementing entities, and they were being progressively corrected.

13. The review of projects financed by the Development Account had resulted in some valuable lessons. When possible, it was preferable for projects to be designed and executed jointly by two or more agencies; that facilitated the sharing of good management practices and harmonization of planning, monitoring and reporting systems. Another lesson learned related to the need to sustain the impact of projects after completion. Given the limited resources available to the Development Account, it could not continue its support indefinitely, but it did provide supplementary funding that made it possible to undertake innovative development activities with a demonstration effect. That type of support must be built into the design and implementation of projects from the outset, including a strategy to bring in potential future donors or partners, and to nurture ownership of the project among its beneficiaries. Another lesson was that new projects should only be entrusted to an implementing agency with the capacity to execute them; new projects should not be added to the portfolio of an executing agency when delays were observed owing to conflicts with other priorities, at least until the execution capacity of the agency was seen to be effectively restored. Finally, it appeared that quite often low-cost implementation solutions led to more pronounced demonstration effects and created better conditions for long-term sustainability of activities than more complex ones. Projects costing between $600,000 and $900,000 seemed to have the best chance of being completed within one biennium. In conclusion, he said that the Development Account, the value of which as a catalyst extended beyond the content of the projects themselves, enriched the totality of technical cooperation work.

General debate

14. **Mr. Tilemans** (Belgium), speaking on behalf of the European Union, said that the Central and Eastern European countries associated with the European Union, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, the associated countries Cyprus and Malta, and Norway, a European Free Trade Area country member of the European Economic Area, aligned themselves with his statement. While it welcomed the report containing the Secretariat's proposals on enhancing the United Nations experience for visitors (A/55/835), the European Union believed that its analysis was incomplete, because it was almost exclusively concerned with operating expenditure rather than capital expenditure. The project was inextricably bound up with the United Nations capital master plan, and would have to be re-examined on presentation of the subsequent stages of the plan. The European Union endorsed the recommendation of the Advisory Committee on Administrative and Budgetary

Questions (ACABQ) on private sector contributions and its insistence that the respective responsibilities of the Secretariat and of the bodies participating in the programme must be clearly defined (A/56/7, para. 113). It questioned the Secretariat'ss optimistic revenue forecasts, the desirability of creating a special fund and the modalities of managing such a fund. A more detailed examination of the programme would therefore be required.

15. The European Union approved the report of the Secretary-General on the profitability of commercial activities (A/55/546) and endorsed the remarks of ACABQ. It stressed the importance of drawing up a plan defining the commercial objectives and measures to achieve them, rationalizing the administrative structures related to those activities, giving preference to sub-contracting and taking an inventory of rooms or space at Headquarters occupied by organizations other than the United Nations.

16. The European Union took note with interest of the Secretariat's willingness to improve coordination of activities in the area of information technology. The plan of action submitted by the Secretariat (A/55/780) spelled out in considerable detail the problems encountered and outlined a general approach; that was welcome. The European Union subscribed to the Advisory Committee's recommendations, especially those concerning the need for a central authority to take decisions on general policy, a strategic approach and the adoption of common standards; the tangible efficiency and productivity gains that would release resources that could be redirected to other sectors; and measures to prevent the proliferation of costly, incompatible and overlapping systems. With regard to organizational structure, the European Union favoured the principle of the partially centralized model, but noted that it could not currently be put into practice without precise criteria to distinguish between the spheres of "centralized" and "decentralized" decisions and the relevant administrative procedures. As to technical and human resources, the Secretariat gave no information on the efficiency gains anticipated through coordination. Finally, the European Union was concerned that the budgetary implications of the plan of action had not been reflected in the proposed programme budget for the biennium 2002-2003, which already included $150 million for information technology. The plan of action was, however, an essential prerequisite for any investment decision in that field. Like the Advisory Committee, the European Union hoped that a revised plan of action, which would include a timetable for implementation and describe the new organizational structure, the linkage between the different information technology systems and the anticipated cost-efficiency gains, would be submitted to the General Assembly at its fifty-seventh session.

17. **Mr. Fox** (Australia), speaking on behalf of Australia, Canada and New Zealand, recalled that those three countries had been among the ones which had expressed concern, during the budget negotiations in 1999, about the fact that major resources were to be invested in information technology in the absence of an appropriate strategic planning framework. Those delegations welcomed the Secretary-General's report (A/55/780) submitted pursuant to paragraph 61 of General Assembly resolution 54/249, and noted with interest the results of the survey undertaken in 2000 on information technology holdings in the Secretariat. They also welcomed the integration of the Integrated Management Information System (IMIS) and information technology services in a single organizational unit. Since information technology was critical for enabling the Secretariat to deliver mandates effectively, particular care must be taken in developing a strategic planning framework for assessing the resources needed and setting priorities for action in that area. He was therefore surprised to note, from paragraph 14 of the report, that the strategy had been developed after the proposed budget for 2002-2003 had been prepared; that seemed to imply that there was no relationship between the strategic planning process and the resources that should underpin it. He asked for clarification on that point.

18. He was also concerned to note that the actions proposed were not accompanied by any timetable, implementation plan or cost estimates. Many of the expected results identified were vague and impossible to measure, and did not reflect what could be expected in view of the amount of resources to be invested. For example, the report did not specify how an increased flow of information or the global use of information technology would help to make the Secretariat more efficient. It was essential that, in the next version of the draft plan, the Secretariat should identify concrete efficiency targets and designate or create a mechanism for managing efforts in that regard. In that context, the starting point should be a zero-based needs analysis

involving a review of workflows, job design, processes and work units.

19. He wondered whether the current structure for assessing information technology proposals was the correct one. The survey had revealed problems of duplication, incompatible systems and uneven development among different departments. The role which flaws in the current structure might have played in that regard had not been analysed in the report. He was not convinced that adding an information and communication technology board to the existing structure would provide a solution. The relationship between the central services and user departments should also be addressed to determine, inter alia, whether the support provided to the latter was adequate to their needs. In addition, proposals involving significant resources should be subject to rigorous technical scrutiny. He asked what measures had been taken to prevent further duplications while the Information Technology Services Division developed a policy framework. He was pleased that the Steering Committee on Reform and Management Policy had already identified some priority areas to be addressed by ad hoc task forces (A/55/780, para. 60), but wondered how those priorities were related to the plan of action.

20. **Mr. Mirmohammad** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, said that, while progress had been made in the use of information technology, the lack of full knowledge about the use of such technology in the Secretariat had made it impossible to elaborate a coherent strategy and implementation plans throughout the Secretariat and the main duty stations. As a result of the lack of coordination, a variety of technological solutions, which were often mutually incompatible, had been adopted. He noted that the proposed programme budget for 2002-2003 had been prepared before the strategy proposed in the Secretary-General's report had been developed, and that subsequent resource requirements would be brought to the General Assembly's attention separately. He shared the Advisory Committee's concern about the lack of financial information on short- and long-term requirements and on the time-frame for implementation. The use of information technology could not be increased without a corresponding increase in the human and financial resources devoted to it. He agreed with the Advisory Committee that investments in information technology should result in tangible increases in efficiency and productivity (A/56/7, para. 89). If no such gains were achieved, the value added of investments in information technology was hardly justified.

21. With respect to the proposal for enhancing the United Nations experience for visitors (A/55/835), he noted that the capital costs would be funded entirely from private sources. He supported the conditions proposed by the Advisory Committee, in paragraph 107 of its report, for the acceptance of in-kind contributions, particularly the need to avoid compromising the Organization's image through commercialization. In view of the international character of the United Nations, efforts should be made to expand the number of potential contributors by inviting United Nations associations of other countries to participate in and give their advice on the project. The projected increase in revenues was based on the assumption that the number of visitors would increase. The explanations on that point given in the report were very helpful. He nevertheless wondered what adjustments would be made if revenues fell below the projections, considering that expenditure in that area was projected to increase from $6.5 million to $15.3 million. He noted the Secretary-General's proposal to establish a visitors' experience capital improvement fund, and shared the Advisory Committee's concern that deficits could arise and become a potential burden to the Organization (A/56/7, para. 112). A comprehensive report on the issue, taking fully into account the observations and recommendations of the Advisory Committee, should be submitted to the General Assembly.

22. With regard to the report of the Secretary-General on implementation of projects financed from the Development Account (A/55/913), the Group of 77 and China noted that, at the creation of the Development Account, resources in the amount of $200 million had been proposed, which were to have been generated from efficiency gains in the Secretariat. However, the actual level of resources was nowhere near that ambitious estimate. The Group took note of the Advisory Committee's view that efficiency measures did not necessarily yield immediate savings and sometimes required new investment, particularly in information technology (A/56/7, para. XIII.3). The Group noted that, since the establishment of the Development Account, 23 projects had been approved for a total amount of $26,130,000. Of that amount, a

total of $8,884,000 had been spent as at 31 March 2001, which was a low percentage. The Group of 77 and China therefore called for more determined efforts to be made for the full implementation of approved projects.

23. The Group of 77 and China noted that the coordinating functions of the Department of Economic and Social Affairs, which encompassed substantive support for projects funded from the Development Account, were carried out within the Department's available resources. The Group also noted the finding of the Office of Internal Oversight Services (OIOS) (A/55/913, paras. 292 and 293) that, given the prevailing resource limitations and the growing overall workload of the Department, the essential functions of monitoring, evaluation and reporting on the projects had yet to be matched with adequate resources. The Group welcomed the recommendation of OIOS that project proposals should include all direct and indirect costs whether financed from the Development Account or not.

24. **Mr. Agyeman** (Ghana) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. With specific reference to the report of the Secretary-General on information technology in the Secretariat (A/55/780), he noted that hardware availability and its usage had shown phenomenal growth during the period from 1992 to 2000. While there had been some notable successes, such as the introduction of the Integrated Management Information System (IMIS) and the Optical Disk System (ODS), information technology development within the United Nations had been largely ad hoc, without an overall plan. His delegation noted that information technology appropriations in the programme budget for the biennium 2000-2001 and the estimates proposed for the biennium 2002-2003, without factoring in the cost of implementation of the plan of action, were significant and constituted one of the highest lines of expenditure. The preparation of a plan of action was timely so as to ensure that expenditure incurred on information technology was within a well-defined framework that ensured the coherence of overall policy and management decisions and the compatibility of technical infrastructure, platforms and operating systems. His delegation supported the conceptual basis of the plan of action, especially the governance structure, and welcomed the Secretariat's recognition of the need for sufficient flexibility so that user services could be provided with equipment, software and human resources to match their needs. His delegation endorsed the Secretariat's decision to rely predominantly on its in-house information technology capabilities.

25. His delegation urged the Secretary-General to elaborate further on the financial implications of the implementation of the plan of action. It understood that investments in information technology rarely yielded visible results in the short term, although the medium- to long-term benefits in cost savings were real. The Organization's increased resort to information technology was an irreversible trend, as was the desire to re-engineer work practices as part of the broader reform effort. Initial investments would be high, involving not only infrastructure, hardware or software development, but also capacity-building among the staff. His delegation shared the concern expressed by the Advisory Committee in paragraph 117 of its report and urged the Department of Human Resources Management to assiduously assess the career progression and remuneration of the young and very mobile category of staff engaged in information technology.

26. As the Secretary-General acknowledged in paragraph 22 of his report, the development of information technologies should not result in sharp drops in hard-copy publications, which should be maintained at existing levels in the short to medium term and reassessed over the long term to reflect changes in demand. It would be unacceptable for trade-offs to be made between the demands of an electronic United Nations and the needs of end-users without access capabilities. In conclusion, his delegation stressed the need for adequate resources to be dedicated to implementation of the plan of action, as a support activity for the delivery of approved programmes and mandates and for innovation in information technology to be driven by concerns for efficiency, productivity and cost savings.

27. **Mr. Nakkari** (Syrian Arab Republic) said that his delegation fully associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. He wondered how the term "take note" in paragraph 35 of the report on proposed measures to improve the profitability of the commercial activities of the United Nations (A/55/546) should be interpreted, given that in

its decision 55/488, the General Assembly had reiterated that the term was neutral and constituted neither approval nor disapproval. He would like the Secretariat to keep that decision in mind when it submitted requests to the General Assembly, so that the Assembly could base its work on a solid legal footing. Again in paragraph 35, when the Secretary-General requested the Assembly to encourage the Secretariat to implement the measures described in the report in a manner that would not in any way compromise the international non-commercial nature of the Organization, he noted that all the measures in question were similar to outsourcing activities. He would therefore have preferred the Secretariat to cite Assembly resolutions 54/256 and 55/232 on outsourcing practices. With reference to paragraph 33 of the report, moreover, he would welcome clarification from the Secretariat on the issue of catering services.

28. In the report on the implementation of projects financed from the Development Account (A/55/913), his delegation noted that the resources allocated to the Account had been generated by refocusing non-programmatic costs (para. 1 of the report). It would like to know whether the concept of non-programmatic costs and programme expenditures had ever been defined.

29. Lastly, as he knew that the Chairman of the Advisory Committee must submit a report to the Fifth Committee, he asked that the report should be submitted in writing in the Organization's six official languages, a request that his delegation had already made on numerous occasions.

30. **The Chairman** said that he would transmit the request of the Syrian representative to the Chairman of the Advisory Committee.

31. **Ms. Sun** Minqin (China) said that she associated herself with the statement made by the representative of the Islamic Republic of Iran on behalf of the group of 77 and China. With regard to the proposals for enhancing the United Nations experience for visitors (A/55/835), she emphasized that such a project must form part of a whole with the capital master plan. She welcomed the fact that the United Nations Association of the United States of America (UNA/USA) had offered to make contributions in kind for the implementation of the project, and recalled that the conditions set out in paragraph 107 of the report of the Advisory Committee (A/56/7) must be respected. It was to be hoped that other associations would also contribute. Her delegation noted that the operating costs of the new facilities would be covered by the Member States and would like to know how much they would amount to annually. It was in favour of the idea of establishing a visitors' experience capital improvement fund, as proposed by the Secretary-General, which would receive a specific proportion of gross revenue. It hoped that the project would not incur any additional charges for Member States; the Advisory Committee had expressed some concern on that point.

32. **Mr. Chandra** (India) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the group of 77 and China. He noted the appropriate observations made by the Advisory Committee in paragraphs 85 to 94 of its report (A/56/7) concerning information technology in the Secretariat, in particular its remarks about the need to strengthen system-wide coherence and coordination and to present to the General Assembly at its fifty-seventh session, in conjuction with the proposed programme budget, a comprehensive report on the implementation of the United Nations information technology strategy, emphasizing peacekeeping information systems.

33. His delegation noted with satisfaction that the improvements carried out at the Viennese Café had been funded entirely by the vendor. As for the capital master plan, his delegation awaited with interest the presentation of the preliminary draft containing the information requested. It welcomed the proposal of UNA/USA to provide contributions in kind for the implementation of the visitors' experience project, and emphasized that the conditions established in that regard by the Advisory Committee were highly relevant, in particular the fourth one, which was aimed at averting commercialization of the premises. It was necessary to strike a balance between the public image of the United Nations and the quest for greater profitability. He referred to an incident which had taken place at the United Nations Gift Centre when the salespeople had behaved in an unacceptable manner with Indian tourists.

34. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that as already emphasized by the Advisory Committee, the visitors' experience project must go hand in hand with the

capital master plan if all the security conditions were to be met. He repeated that the report on the proposals for enhancing the United Nations experience for visitors (A/55/835) was not a budget submission, but said that it was nonetheless important to consider carefully the question of the amounts of income and of expenditure, bearing in mind that the latter was relatively stable while the former varied with the number of visitors (over which the United Nations had no influence) and according to the rates for guided tours. To that end, the Secretariat had considered, in particular, the cases of institutions that had launched similar projects. It was obvious that the Secretariat could not draw up any estimates unless it had an outline of the project. That was how the master capital plan had been handled, as the Secretariat had been authorized to submit a draft for implementation before any decisions were taken. As soon as the Committee gave its agreement in principle, the Secretariat would resume discussions with UNA/USA. As for the figures that had been noted, they had been revised downward from the first estimates. The suggestions made by the Islamic Republic of Iran on behalf of the Group of 77 and China would be taken into account.

35. As for commercial activities, the Secretariat would consider more closely the questions relating to outsourcing, as well as the possibilities offered by the project, but it could only do so at a later stage. Concerning the balance that should be struck between the image of the United Nations and profitability, a point raised by the representative of India, he re-emphasized his concern to avoid commercialization of the premises. That was the reason for the proposal that visitors should be received in a separate building on 47th Street. Care would be taken to ensure that visitors were separated from delegates and staff. The Secretariat had already taken up with the Gift Centre the incident reported by the representative of India.

36. Replying to the comments made by the representative of China, he confirmed that the capital master plan and the proposal for the enhancement of the visitors' experience were indeed linked conceptually. He also confirmed that UNA/USA was quite prepared to respect the conditions set by the United Nations. He pointed out that the Association was to make a contribution in kind, in the form of a building, and that the Secretariat did not have to be concerned with fund-raising activities, but only with questions relating to standards, the architecture and the timetable.

37. There should, of course, be some coordination between the strategy for the development of information technology and the budget to be devoted to it. However, the purpose of the plan of action was to give coherence to the project, to set out the objectives and activities and to establish the machinery. If additional resources should prove necessary for the implementation of the plan of action, a request would be submitted to the General Assembly for approval at its fifty-seventh session. Moreover, a timetable for implementation, which had already been submitted to the Advisory Committee, would be presented to the Information and Communications Technology Board, which was scheduled to meet at the end of October 2001. He believed that the management structure that had been established was appropriate. The question of the overall and local organizational structure was clearly dealt with in the mandate of the Information and Communications Technology Board and the Information Systems Coordination Committee. As for the doubts which had been expressed regarding the links between the priorities and the measures taken or planned, he explained that the latter (59 in number) were aligned with the five objectives defined in the plan of action. With regard to a criticism that had been made concerning the report on the plan of action, he explained that promotion of the circulation of information both within and outside the United Nations would enhance the efficiency of the Organization. Lastly, in response to a comment made by the representative of Ghana, he reiterated that there was no question of not circulating printed documents, but it was hoped that dissemination by electronic means could be developed.

38. **Mr. Civili** (Assistant Secretary-General for Economic and Social Affairs) said that the Department of Management would be in a better position to respond to the questions that had been raised by the representatives of the Islamic Republic of Iran and the Syrian Arab Republic respectively concerning the amounts paid to the Development Account and the non-programmatic costs. With regard to the latter, however, he said it was his understanding that one of the purposes of the Account was to ensure that savings should not be achieved at the expense of substantive activities. As for the comment made by the representative of the Islamic Republic of Iran

concerning the amount of the expenditure, he referred to the statement he had made at the beginning of the meeting in which he had mentioned the figures appearing in the report; by the end of September 2001 the amount spent had been close to $12 million. He explained that there had been a delay in the implementation of projects for two reasons: on the one hand, there had necessarily been an initial "start-up" phase and, on the other, since the first tranche had been approved rather late, the Department of Economic and Social Affairs had had to implement two tranches during a single biennium. However, in view of the acceleration in the amount of expenditure recorded in recent months, he was sure that the delay would be made up during the next biennium.

39. **Mr. Fox** (Australia), referring to the information given by Mr. Niwa regarding the expenditure incurred in connection with the implementation of the plan of action concerning information technology in the Secretariat, said that his delegation could not approve allocations of additional resources until it was convinced of the appropriateness of the strategy planned. He hoped that the dialogue on the subject would be continued.

The meeting rose at 12.05 p.m.

United Nations A/C.5/56/SR.8

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Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-58032 (E)

The meeting was called to order at 10 a.m.

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (A/56/11 and Add.1)

1. **Mr. Sessi** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on the work of its sixty-first session (A/56/11 and Add.1), recalled that the General Assembly had requested the Committee to consider the procedures for the application of Article 19 of the Charter and measures to encourage the timely, full and unconditional payment by States of assessed contributions. The Committee had also considered the methodology for the preparation of future scales of assessments, the collection of contributions and the assessment of non-Member States. In addition, it had considered requests from a number of Member States for exemption under Article 19 and appeals by other Member States for a change of assessments.

2. One of the problems raised by application of Article 19 of the Charter was that it did not specify how arrears should be calculated. The Committee had been requested to consider two proposed changes in the procedures for the application of the Article under General Assembly resolution 55/5 A (paras. 5 and 6): one would calculate arrears twice a year (biannual application of Article 19); the other would calculate arrears on the basis of net assessed contributions instead of, as was currently done, comparing gross and net contributions. The Committee, which had considered a report of the Secretary-General on the subject (A/55/789), had presented its conclusions in section III A of its report: many of its members had considered that moving to a net to net comparison would be easier to manage than a biannual application of Article 19, and that it would have the effect of increasing the minimum amounts payable by most Member States to avoid its application, thereby ensuring an increase in the number of Member States respecting that Article. In view of that, the Committee was recommending that, should the General Assembly decide to proceed with the envisaged changes to the procedures for the application of Article 19, it should consider a gradual implementation. It was also recommending that, should the Assembly decide to proceed with either change, it should consider providing a grace period so as to give Member States time to make the necessary adjustments, as was normally done every time an element in the scale of assessments was changed.

3. With regard to requests for exemption under Article 19, he recalled that the General Assembly had urged Member States submitting such requests to provide the fullest possible supporting information, and to do so at least two weeks before the session of the Committee. The President of the General Assembly had received three requests for exemption before the deadline (the Comoros, Georgia and the Republic of Moldova) and a request from Burundi several weeks after the deadline. The Committee had recommended that the Comoros, Georgia and the Republic of Moldova should be permitted to vote until 30 June 2002, but had decided to take no action on the request from Burundi (see document A/56/11, sect. III B). The General Assembly had endorsed the Committee's recommendations and, welcoming the undertakings and assurances provided by the Permanent Representative of Burundi, had decided that that country should also retain its right to vote until 30 June 2002 (decision 55/473 C).

4. In accordance with the provisions of paragraph 7 of General Assembly resolution 55/5 A, the Committee on Contributions had considered further a number of possibilities — the indexation of arrears of contributions, interest on arrears, multi-year payment plans, early reimbursement to troop-contributing countries — and other suggestions for measures to encourage the timely, full and unconditional payment of assessed contributions. It had taken into account the experience gained by other United Nations organizations and other multilateral and regional organizations (A/56/11/Add.1). Its conclusions were reflected in section IV of its report in document A/56/11.

5. After referring to the general problems posed by the question of timely payment and the applicable regulations (notably the definition of timeliness provided by financial regulation 5.4), he reviewed the various procedures considered by the Committee and the conclusions it had reached. The Committee had agreed to resume consideration of the question of indexation of arrears and charging interest on arrears in light of any guidance from the General Assembly on a series of technical points (A/56/11, para. 60). It had considered that multi-year payment plans could be useful for reducing the arrears of contributions of Member States, and had recommended that the General Assembly should take a decision on the basis of a report from the Secretary-General (A/56/11, para. 63). The idea of early reimbursement of troop-contributing countries would be considered further on the basis of further guidance

from the General Assembly (A/56/11, para. 66). Finally, the Committee had considered a number of other suggestions (A/56/11, paras. 69-75), which it would be able to consider further in the light of any guidance from the Assembly.

6. As regards the methodology for the preparation of future scales of assessments, the Committee on Contributions had, taking account of the provisions of General Assembly resolution 55/5 B, considered various technical aspects, with the assistance of the United Nations Statistics Division. It had also considered the cases of countries suffering the unfavourable consequences of depressed primary commodity prices and the socio-economic impact of the presence of refugees. While acknowledging the importance of those problems for some Member States, it had concluded that it was not in a position to take them into account in establishing scales.

7. The 1993 System of National Accounts (1993 SNA) had been adopted by a growing number of countries but the Committee had noted that there were concerns about the comparability of national accounts data. Recalling its earlier decision that it was more important to have available recent and reliable data than conceptually comparable data (A/56/11, paras. 85 and 86), the Committee had decided to keep the matter under review and had encouraged Member States to consider adopting the 1993 SNA and to respond promptly to the National Accounts Questionnaire.

8. With respect to the complex and extremely technical question of the conversion rates used in the scale of assessments, the Committee had decided to continue its review of the revised method of calculating price-adjusted rates of exchange (PAREs) and of the problem posed by the choice of criteria for deciding ways in which market exchange rates (MERs) could be replaced by other conversion rates, for example PAREs. It had requested the Statistics Division to provide a further report, in particular on approaches to cases in which both methods for calculating PAREs had limitations.

9. Concerning requests submitted by two Member States that their contributions should be reviewed, the Committee had concluded that there had been no substantial change in the capacity to pay of the United Arab Emirates and that it could not therefore recommend a change in the assessment rate for that country; in addition, as it had not had sufficient time to undertake a complete review of Afghanistan's request, it had decided to take no action thereon (A/56/11, paras. 101 and 103).

10. The Committee had decided to defer to its sixty-third session its consideration of the question of the assessment of non-member States and it had noted with concern that four Member States (the Democratic People's Republic of Korea, Kiribati, Tonga and Viet Nam) still had arrears of contribution dating from the time when they were not members of the Organization. Lastly, as Guinea had paid the amount necessary to restore its vote in the General Assembly and as the General Assembly had subsequently permitted four Member States (Burundi, Comoros, Georgia and the Republic of Moldova) to retain their right to vote until 30 June 2002, 11 Member States currently came under Article 19 and had no vote in the General Assembly (the Central African Republic, Guinea-Bissau, Iraq, Kyrgyzstan, Liberia, Niger, Sao Tome and Principe, Seychelles, Somalia, Tajikistan and Uzbekistan).

11. **Ms. Pavlovskaya** (Russian Federation) said that it was important for all Member States scrupulously to meet their financial obligations to the Organization. The financial well-being of the Organization depended not only on the will of its Member States, which ensured its financial stability and normal operation, but also on the nature of the system for the apportionment of its expenses. Over and above its financial aspects, the scale of assessments had a political character, since the equitable apportionment of expenses was a factor in ensuring the confidence of Member States in the Organization. Her delegation wished to draw attention, in that connection, to the decisive role that had been played by the truly historic decisions of the General Assembly on the reform of the scale of contributions, both to the regular budget and to the peacekeeping budgets, in the improvement in the financial situation of the Organization that was anticipated for the end of the year. Those decisions, which had been taken following consultations and negotiations of great technical complexity, had resulted in both political and financial compromises; more important still, they had been taken by consensus. In view of the successful reform of the scale of assessments, during the current year the Committee on Contributions had had before it no priority tasks requested by the General Assembly (unlike the previous year, for example, when it had prepared 12 alternative scale methodologies), and it had therefore focused on other important questions within its competence. On the subject of the procedures

for the application of Article 19, the Committee had rightly recommended that, should the General Assembly decide to introduce changes in current practice, it should do so gradually with due consideration of the consequences.

12. On the subject of measures to encourage the timely, full and unconditional payment of contributions, the expert opinion of the Committee on Contributions was very important for the Member States. Her delegation approved the Committee's conclusions, particularly with respect to the usefulness of multi-year payment plans to reduce the arrears of contributions of Member States and the recommendation that the General Assembly should take a decision on the matter on the basis of a report from the Secretary-General. It was also fully in agreement with the doubt expressed by the Committee on Contributions as to whether the proposal to restrict the access of citizens and companies of Member States in arrears to opportunities for recruitment and procurement fell within its terms of reference, raising as it did a variety of complex issues. She considered that that proposal, which was of a political nature, could only be considered by the General Assembly.

13. Her delegation welcomed the work that the Committee on Contributions had done on the methodology for the preparation of future scales and considered that, while it should keep a close watch on changes in the relative capacity of States to pay and should focus on certain technical aspects of the methodology (conversion rates, national accounts data, and so forth), for both financial and political reasons no major change should be made in the next few years to the recently approved scale methodology.

14. **Mr. Mirmohammad** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, said that it attached great importance to the scale of assessments. He noted that a significant part of the report of the Committee on Contributions (A/56/11) was devoted to the application of Article 19 of the Charter. He reaffirmed that the obligation of Member States to pay assessed contributions to the budget of the Organization on time, in full and without conditions in accordance with Article 17, would be unaffected by any possible future strengthening of the procedures for the application of Article 19.

15. As for the calculation of arrears, the Committee's report clearly stated that the current method was consistent with the relevant decisions of the General Assembly, which, in turn, were consistent with Article 19. The measures proposed in paragraphs 5 and 6 of General Assembly resolution 55/5 A sought to improve the Organization's financial situation, yet, according to the Secretary-General's report (A/55/789), the two proposed changes (net to net comparison and the biannual calculation of arrears) would probably lead to more developing countries being affected by Article 19. The Committee on Contributions predicted that the adoption of those measures would penalize many Member States, in particular developing countries — a fact which could have consequences for any decisions the Assembly might have to take under Article 108 of the Charter — although it would not improve the Organization's financial position. Even if the net to net comparison were to be adopted and if all Member States with arrears were to pay the minimum amount required under Article 19, the cash balance of the United Nations would be improved by a mere $9 million. That meagre achievement would entail a serious risk of increasing the number of countries falling under Article 19 and compromising the democratic nature of the Organization.

16. The developing countries had had to assume a heavier financial burden owing to the application of the new scales approved by the General Assembly at its fifty-fifth session, despite the enormous economic difficulties being experienced by some of them and despite the effects of the current global recession. In view of the foregoing, the Group of 77 and China could not agree to the two proposed changes to the procedures for the application of Article 19.

17. **Mr. Maquieira** (Chile), speaking on behalf of the Rio Group, said that the Group associated itself with the statement made on behalf of the Group of 77 and China. During the first part of the resumed fifty-fifth session, the Group had clearly expressed its opposition to any change in the procedures for the application of Article 19, including the utilization of a net to net comparison and the biannual calculation of arrears. The only practical effect of those two changes would be to increase the number of developing countries affected by Article 19.

18. When it had considered the issue at its previous session, the Committee on Contributions had agreed with the Secretary-General that the change in the method of calculation would affect many Member States and would lead to an increase in the number and frequency of requests for exemption, but would have a

minimal bearing on the amounts collected. As could be seen from annex I to the Secretary-General's report (A/55/789), if the net to net method were to be adopted, the minimum amounts Member States would have to pay to avoid the application of Article 19 would bring in no more than an additional $9 million.

19. From the legal standpoint, there was no need to depart from the current practice, since the Office of Legal Affairs had ruled that the current procedure was consistent with the decisions of the General Assembly and the provisions of Article 19.

20. He pointed out that the member countries of the Rio Group had demonstrated their commitment to the Organization in December 2000 during the negotiations on the scale of assessments that had led to the adoption of resolutions, the consequences of which were being borne almost exclusively by developing countries. Those countries required time to adjust, especially in view of the current economic situation. For all those reasons, the Rio Group could not support the proposed changes. It nevertheless believed that sustaining the Organization was the collective responsibility of all Member States, each of which undertook to pay its assessed contributions when it became a Member of the United Nations.

21. **Mr. Fonseca** (Brazil) unreservedly endorsed the statements made on behalf of the Group of 77 and China and the Rio Group. The main issues at stake were whether (a) to calculate arrears biannually, (b) to compare net arrears with net assessed contributions, and (c) to introduce incentives and sanctions to encourage the timely, full and unconditional payment of contributions by Member States. In order to decide the matter, it was necessary to ask whether the proposed measures were fair, justifiable and likely to improve the Organization's financial position in any way. The reply to all three questions was "no".

22. First, the proposed measures were unfair because they would merely increase the number of developing countries affected by Article 19 and would therefore doubly penalize those countries which were bearing a disproportionate share of United Nations expenses owing to the agreement that had allowed for a reduction in the rate of assessment of the United States. Second, those measures were unjustifiable because they would have no impact on a Member State's ability to discharge its financial obligations to the Organization. Except for one case, all countries in arrears were genuinely unable to pay their dues on time. Third, the proposed measures would do nothing to improve the financial situation of the United Nations. As the reports showed, if all the countries which were threatened with the application of Article 19 were to pay the minimum amounts calculated on the basis of a net to net comparison, the Organization would receive only $9 million in additional revenue; that was a trifle compared with the arrears of the major contributor which, incidentally, would not be affected by the application of the net to net comparison.

23. Neither the Secretary-General nor the Committee on Contributions had wished to make any firm recommendations on the three measures proposed and had therefore left it to the General Assembly to take decisions that were political in nature. The Committee on Contributions had, however, suggested that, if the measures were adopted, their implementation should be gradual and a grace period should be provided.

24. Moreover, the Under-Secretary-General for Management had announced that the payments expected from the United States at the end of the year would mark the end of what he called the "gloom and doom" era for the United Nations budget.

25. There was therefore abundant reason to believe that the measures proposed in paragraphs 5, 6 and 7 of resolution 55/5 A would not have the desired effect. The additional revenue they would generate for the Organization would be minimal, and they would have no impact on the implementation of programmes. At the same time, they would represent an additional burden for developing countries facing insurmountable budgetary constraints. Moreover, it was inappropriate to link the question of the proposed measures with requests for exemption. The examination of individual cases and the choice of methods should not be confused. In conclusion, he said that the proposed changes were neither necessary nor warranted, and his delegation was not in favour of them.

26. **Mr. Kelapile** (Botswana) said that, while he fully supported the statement made on behalf of the Group of 77 and China, he wished to explain the views of his country on the report of the Committee on Contributions. First, he emphasized that all Member States had an obligation, in accordance with the Charter and numerous resolutions of the General Assembly, to pay their assessed contributions in full, on time and without any conditions. Each of them shared in the collective responsibility to

ensure the funding of the activities of the Organization, and as long as the expenses were apportioned in accordance with the principle of capacity to pay, there could be no justification for non-payment by any member State unless the General Assembly had satisfied itself that that State was unable to meet its obligations.

27. His delegation agreed with those who held the view that Article 19 of the Charter needed to be strengthened. It therefore seemed logical to pursue the consideration of measures which might encourage Member States to pay their contributions in full, on time and without any conditions. As his delegation had observed in 1999, the expert opinion of the Committee on Contributions was essential in that regard, in accordance with the Committee's terms of reference, adopted by the General Assembly in 1946, and rule 160 of the rules of procedure of the General Assembly.

28. While it welcomed the report of the Committee on Contributions, his delegation regretted that it did not contain more conclusive recommendations as to how to respond to the issues raised. Although it was true that the Committee needed guidance from the General Assembly, the Assembly could only provide that guidance if it was given a more concrete basis on which to do so. The Committee had expressed its willingness to continue consideration of some measures but had decided to discontinue consideration of others, and it sought the guidance of the Assembly on some complex issues which lay outside its field of competence. It should proceed with the issues that fell within its competence, and as far as the remainder were concerned, it was in the interest of Member States to provide clear legislative guidance rather than allow an expert committee to engage in protracted but fruitless discussions.

29. His delegation had been following with great interest the work of the Committee on Contributions on the question of the application of Article 19, and specifically the possibility of using net rather than gross assessments. The current interpretation of the concept of arrears and their calculation was linked to the interpretation of regulation 5.4 of the Financial Regulations, and in one of its previous reports the Committee on Contributions had expressed the view that the current gross assessments approach tended to reduce the minimum amounts which had to be paid in order to avoid the application of Article 19. In the same report, the Committee had stated that, according to the Office of Legal Affairs, the current procedure was consistent with the relevant decisions of the General Assembly, which, in their turn, were consistent with Article 19. The same information was to be found in paragraph 14 of the Committee's current report.

30. There was, of course, scope for improving the procedures for the application of Article 19, but some of the proposed changes might not be desirable. As the Committee on Contributions was again stated, they could in most cases have the effect of accelerating the application of Article 19. As the representative of Iran had observed on behalf of the Group of 77 and China, the potential negative effects of the two measures under consideration could not be ignored. The strengthening of Article 19 alone would be useless if the Member States lacked the political will to perform their obligations under Article 17.

31. **Mr. Cappagli** (Argentina) said that his delegation associated itself with the statements made on behalf of the Group of 77 and China and the Rio Group. The current procedures for the application of Article 19 were consistent with the decisions of the General Assembly and with the Charter, as the Office of Legal Affairs had stated. Moreover, the consequence of any change in those procedures would be to increase the number of developing countries that were experiencing economic difficulties which would fall under the provisions of Article 19. In 2000, those same countries had shown their commitment to the United Nations by voluntarily accepting an increase in their contributions. Argentina, for example, had doubled its contribution to the peacekeeping budgets at a time when those budgets had risen to levels comparable to those in 1994 and when the developing countries bore the greatest burden in a climate of economic crisis. It was not the right time for stricter procedures for the application of Article 19.

32. The Charter specifically provided for an exception to Article 19 when a Member State was unable, for reasons beyond its control, to fulfil its obligations. The General Assembly decided on exemptions in the light of the report of the Committee on Contributions. The best way to strengthen Article 19 was to apply the provisions of the Charter and the decisions of the General Assembly objectively. There was no reason to change the procedures for the application of Article 19, and, if there was, it was not the right time to do so.

33. **Mr. Mustafa** (Sudan) endorsed the statement made on behalf of the Group of 77 and China. He also welcomed the statement made the previous week by the Under-Secretary-General for Management since the

improvement in the financial situation of the Organization would have a beneficial impact on its efforts to attain the objectives set by the Charter, particularly in the field of peacekeeping.

34. The proposed amendments to the procedures for the application of Article 19 were likely to result in an increase in the number of countries falling under the provisions of that Article; those would be countries experiencing difficulties, many of them developing countries or even least developed countries, already weighed down by the debt burden. Their situation would only be made worse if Article 19 were to be applied to them and there would be no appreciable improvement in the financial situation of the Organization.

35. His country was therefore in favour of maintaining the status quo in that connection, on the understanding that all Member States should make every effort to pay their contributions on time and in full.

36. **Mr. Ahmed** (Iraq) pointed out that his country was in a situation entirely outside its control and was thereby currently prevented from paying its contributions. It had always met its financial obligations to the United Nations up to the time when it had lost of the right to hold foreign currencies, even dollars intended for the payment of its arrears.

Agenda item 122: Programme budget for the biennium 2000-2001 (*continued*)

Proposal for enhancing the United Nations experience for visitors (A/55/835; A/56/7 (chap. I, sect. E, 8, paras. 103-113))

Capital master plan (A/55/117 and Add.1)

Information technology in the Secretariat (A/55/780; A/56/7 (chap. I, sect. E, 14, paras. 80-94))

Proposed measures to improve the profitability of the commercial activities of the United Nations (A/55/546; A/56/7 (chap. I, sect. E, 9, para. 114))

Implementation of projects financed from the Development Account (A/55/913; A/56/7 (chap. I, sect. E, 10, para. 115))

37. **Mr. Hammerschmidt** (Canada), speaking also on behalf of Australia and New Zealand on the report of the Secretary-General on the proposal for enhancing the United Nations experience for visitors (A/55/835), said that visits by the public did much to raise the profile of the Organization and its many accomplishments.

38. He agreed with the emphasis placed by the Advisory Committee on ensuring that the conditions for the acceptance of contributions in kind were met and shared its concerns about the costs associated with the project. Although certain costs should not be borne by the United Nations, further details were needed on the impact of the proposal on the regular budget. As there was a link between the costs and the scale of the project, he hoped that a future report on the subject would offer a number of options relating to the scale of activities and the expected operating costs.

39. Given the increased security concerns as a result of the events of 11 September, it was essential to coordinate the visitors' experience proposal closely with the capital master plan. Furthermore, although the United Nations would not be responsible for fund-raising for the visitors' experience, it was important not to conduct two separate campaigns, since that might have a negative impact. The visitors experience should therefore be fully integrated with the capital master plan.

40. Lastly, as with all such proposals, the visitors' experience proposal must demonstrate that the project would effectively achieve its goals, be efficient in doing so and provide the Organization and its Members with value for money. A decision could only be taken after consideration of a more comprehensive proposal.

41. **Ms. Attwool** (United States of America) was pleased to see that thought was being given to invigorating the commercial activities of the United Nations and increasing its revenue (A/55/546). However, as the Advisory Committee stated in its report, the potential of the United Nations Postal Administration, the catering services and the sale of publications should be examined more closely. The catering services, in particular, did not generate any substantial revenue for the Organization and should therefore be subject to more intense efforts by the Secretariat. Similarly, publications could produce considerable revenue and the Publications Board should look into the matter.

42. The proposal for enhancing the visitors' experience had been submitted at an opportune moment since it could be incorporated into activities for the renovation of the Organization's Headquarters and the

revitalization of its commercial activities. It was, however, regrettable that no time frame was indicated for the completion of the project and, more alarmingly, that there were no assurances that the United Nations Association of the United States of America (UNA/USA) would be able to raise the necessary funds in a timely fashion. The Advisory Committee had been right to request that funding should be secured before the renovation began. As the Advisory Committee had also recommended, other countries and private donors should be encouraged to contribute to the project.

43. It was to be hoped that such a renovation would ultimately result in an increase in net income from commercial activities of over $2 million per biennium. While revenue was expected to increase by $11 million and staff and maintenance costs by $9 million, there was a need for a flexible approach to staffing should the number of visitors fall below the expected range. She requested clarification on those points in the next report on the subject.

44. Her delegation supported the statements made the previous week on information technology in the Secretariat (A/55/780). It thanked the Secretariat for the efforts it had made to define its strategy in that area but, given what was at stake, it was deeply concerned to see that the strategy lacked detail and was not based on a long-term vision of the issue. The report did not contain time lines or resource requirements, nor did it set out the specific benefits expected from the investments. The report did a good job of analysing the past and the current situation, but the main lines of the information technology development strategy were not sufficiently clear. It was not possible to make an informed decision based on the information provided.

45. **Ms. Silot Bravo** (Cuba) said that her delegation endorsed the views of the Group of 77 and China regarding the reports on projects financed from the Development Account (A/55/913) and the visitors' experience proposal (A/55/835). Regarding the former, she said that the situation was far removed from that envisaged by the General Assembly when it had established the Account in the belief that efficiency gains would result in savings that would make it possible to finance an increasing number of projects. In fact, the resources transferred to the Development Account had not increased over the past two bienniums because the expected efficiency gains had not materialized or the savings had been redirected to priority areas within the corresponding budget sections. Her delegation was also concerned about the low rate of implementation of projects approved under the Account and it hoped that the General Assembly would take the necessary measures to rectify that situation.

46. With regard to the visitors' experience proposal, her delegation endorsed the Advisory Committee's observation that there was a need to expand the number of potential contributors. Like the Group of 77 and China, it wondered about the method used by the Secretariat to conclude that the number of visitors would increase in the years to come. It hoped that the Secretariat would submit an updated document containing responses to the questions raised by the members of the Committee and specifying the manner in which the project would be implemented and brought to completion.

47. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) recalled that, in his introduction of the report on the proposal for enhancing the visitors' experience and in his responses to delegations, he had emphasized that the report was a discussion paper rather than a budget document. The Secretariat would only be able to prepare a detailed proposal, including the budgetary aspects, when it had the construction and financing plans that the United Nations Association of the United States of America (UNA/USA) was to submit to it. However, the Association could not proceed until the Member States had given their agreement to the project in principle.

48. The Secretariat had established its estimates of the number of visitors on the basis of data gathered from institutions, both in the United States of America and in other countries, with the help of outside consultants. The events of 11 September would inevitably have an impact on the design of the project, and access by visitors to Headquarters must be seen in the context of the capital master plan.

49. With regard to fund-raising, he said that UNA/USA intended to make an in-kind contribution for which it would mobilize the necessary resources. The Secretariat would not make any appeal for funds for the project but would ensure that the Association took into account the Advisory Committee's recommendation that, given the Organization's international character, efforts should be made to expand the number of potential contributors by inviting United Nations associations of other countries to participate in the project. That recommendation had been conveyed to the President of the Association.

50. Replying to the question posed by the representative of Canada concerning fund-raising for the capital master plan, he said that the use of private donations did not conflict with the principle that the bulk of the funds should be provided by Member States. In that connection, he emphasized that the two projects were completely different: the capital master plan entailed renovating the existing infrastructure and bringing it up to standard, while the proposal for enhancing the visitors' experience was an entirely new project.

51. In response to a comment made by the representative of the United States concerning the Organization's information technology strategy, he said that that report, too, was a discussion paper. The Information and Communication Technology Board, which was to meet at the end of October, was preparing a time frame for the implementation of the strategy, including the additional staffing requirements, which would be transmitted to the Fifth Committee as soon as it was available.

52. **Mr. Zaitsev** (Department of Economic and Social Affairs), replying to the question posed by the representative of Cuba concerning the low rate of implementation of projects financed from the Development Account, recalled that, at the 6th meeting, the Assistant Secretary-General for Economic and Social Affairs had updated the information provided in the report, indicating that the rates of implementation for projects falling under the first and second tranches were 66 per cent and 35 per cent respectively. It must not be forgotten that most of the projects were multi-year projects and were to be implemented over a period of 3 to 4 years.

53. The project evaluations carried out at the beginning of the year when the progress reports had been prepared had yielded some interesting lessons concerning the management of the Development Account. Those lessons had been taken into account in the preparation of the projects that would be considered by the Committee at the current session. The reports to be submitted at the end of the year on the third tranche of the projects should indicate that the delivery schedules for most of the projects had been observed.

54. **Mr. Repasch** (United States of America) said that his delegation was pleased to note that the implementation rate of projects financed from the Development Account had improved. It also appreciated the tone of the report (A/55/913), which showed that real efforts had been made to carry out projects and to remedy the shortcomings found, particularly by introducing an important element of monitoring and evaluation.

55. His delegation endorsed the observations on budget section 33 which the Advisory Committee had made in its report (A/56/7), to the effect that efficiency measures and performance measurement did not necessarily yield immediate savings; however, there were some measures that could produce quick results. The Secretary-General should therefore take measures that produced efficiency gains in the short term along with measures whose effects were felt in the longer term. Future reports on the implementation of projects financed from the Development Account should indicate for each project the date of commencement, the projected date of completion and the implementing agency.

56. With respect to the capital master plan, he asked when the advisory group of financial experts and eminent persons would be established, since it was to have been set up on a priority basis. That group should be established as soon as possible.

57. **Ms. Silot Bravo** (Cuba) said she wished to clarify that, in its statement, her delegation had referred not to the low implementation rate of the projects financed from the Development Account, but to the insufficiency of the resources allocated to support the projects and the lack of clarity in the manner in which the Department of Economic and Social Affairs had determined the amount of resources necessary for the projects' implementation. Those comments had followed up on the observations made by the Advisory Committee and the Office of Internal Oversight Services to the effect that project evaluation should focus not only on the outcome of each project, but also on factors that could affect the Account's functioning, particularly the lack of support services.

58. **Mr. Niwa** (Assistant Secretary-General for Central Support Services), replying to the question posed by the representative of the Syrian Arab Republic at the Committee's 6th meeting, concerning the meaning to be attributed to the term "take note" in paragraph 35 of document A/55/546, said that, while the General Assembly had affirmed, in its decision 55/488, that the term was neutral and constituted neither approval nor disapproval, the report in question had been prepared nearly a year earlier. He suggested that the phrase should be changed to read, "The

General Assembly is therefore requested to approve in principle the measures outlined in the present report".

59. With respect to the Syrian delegation's comment that the Secretariat should have mentioned General Assembly resolutions 54/256 and 55/232 on outsourcing practices, he confirmed that the Secretariat scrupulously observed the guidelines set out in the latter resolution whenever it considered outsourcing certain activities.

60. With respect to the catering services, he recalled that he had already indicated, in his introductory statement, that the Advisory Committee would be consulted with regard to the renewal of the service provider's contract before the current contract expired in 2003. At that time, the Office of Central Support Services would also review the terms of the contract in liaison with the Office of Internal Oversight Services, as it had done the last time the contract had been renewed.

61. In reply to the question posed by the representative of the United States on the establishment of the advisory group of financial experts, he acknowledged that the Secretariat had experienced delays. The reason was that it had scheduled, first for June and then for September, a meeting with the competent city and state authorities of New York to consider arrangements for the temporary accommodation of staff while the work was under way. Of course, the events of 11 September had made it necessary to postpone the meeting, but no new date had yet been set. Pending the resumption of the discussions, the Secretariat was preparing a proposed mandate for the advisory group, and was considering the appropriateness of expanding the remit of that body and not limiting it to financial considerations.

62. **Mr. Zaitsev** (Department of Economic and Social Affairs) recalled, in response to the concern expressed by the Cuban delegation with regard to support for projects financed from the Development Account, that Mr. Civili, the Assistant Secretary-General for Economic and Social Affairs, had indicated in his introduction of the report on the Development Account (A/55/913) that his Department, whose resources were limited, was increasingly taking advantage of information and communication technologies and the synergies among the various entities of the Department to reduce costs while enhancing the projects' impact. At the same time, the Department was seeking to obtain additional support staff from the administrative services, which appeared sympathetic to its arguments. Future reports on the Development Account would contain details on the subject.

The meeting rose at 12.10 p.m.

United Nations A/C.5/56/SR.9

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Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 3.10 p.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (A/56/6 and Corr.1, A/56/7 and A/56/16)

1. **The Chairman** extended congratulations, on behalf of the Fifth Committee and on his own behalf, to the United Nations and its Secretary-General on their selection as recipients of the Nobel Peace Prize.

2. **The Secretary-General**, in his capacity as Secretary-General and chief administrative officer of the United Nations, introduced the proposed programme budget for the biennium 2002-2003. The proposed programme budget totalled $2,519 million, which represented a 0.5 per cent real resource reduction in comparison to the preceding biennium. According to the usual practice, the proposed programme budget would be recosted again before it was adopted by the General Assembly.

3. The budget proposal called for small but important increases in priority areas such as international peace and security; the promotion of sustained economic growth and sustainable development; the development of Africa; the promotion of human rights; the coordination of humanitarian assistance efforts; the promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism in all its forms and manifestations. A modest increase for internal oversight had been proposed, and provision had been made for expenditure for special political missions that would be extended or approved in the next biennium. As in previous programme budgets, resources had been included for learning and training programmes to ensure that staff and managers had the skills and knowledge they needed to do their jobs. Substantial investments would continue to be made to improve the Organization's information technology infrastructure and capacity in order to make the United Nations more effective in an increasingly connected world.

4. Resources had also been allocated for activities relating to events that would be held in 2002, notably the International Conference on Financing for Development. If properly managed, that Conference, which would take place in Monterrey, Mexico, in March, could make a crucial contribution to the achievement of the Organization's millennium development targets. The budget also reflected the ongoing reform effort, including, for the first time, indicators of expected achievements, so that Member States would be better able to measure the Organization's success in delivering what it promised.

5. He appealed to the Committee to consider positively and without delay his request for resources to implement the second phase of the peacekeeping reform process when examining his proposals for the next biennium. While he welcomed the steps that had already been taken in response to the recommendations of the Panel on United Nations Peace Operations, more must be done if the Organization was to become more effective in carrying out its primary task of keeping the peace.

6. Another fundamental requirement for the effective functioning of United Nations operations was staff security, to which he attached great importance. He had presented proposals; agreement had been reached on a cost-sharing formula and he had given the Committee the additional information it had requested. He hoped that it would take a final decision on the security management system and related resources, including the appointment of a full-time Security Coordinator.

7. He also appealed to the Committee to ensure that the Organization continued to have a home worthy of it. In order to refurbish the Headquarters complex while meeting modern security standards, the urgency of which had been cruelly emphasized by the events of 11 September, the United Nations would have to rely heavily on Member States' support. The conceptual design plan and cost analysis for the capital master plan should be completed in February 2002, and he would submit a comprehensive report to the Committee in the spring. He trusted that that information would help the Committee to determine the best course of action for the creation of a safer and more efficient environment for the work of the Organization.

8. At the Millennium Summit, held in September 2000, world leaders had given the United Nations a clear agenda. The priorities they had set out were no less important now than they had been before the tragic events of 11 September.

9. Over the past five years, he had striven to make the United Nations better able to help achieve those objectives and to respond to the increasing demands placed upon it. The Organization had streamlined

management procedures, improved the structure of the Secretariat, introduced cabinet-style management and greatly improved coordination among the members of the United Nations family, particularly through the establishment of a common Development Assistance Framework at the country level. The establishment of executive committees on peace and security, development, economic and social affairs and humanitarian affairs, with human rights as a cross-cutting factor, had also helped to ensure inter-agency coordination at all levels. Continued efforts would be made to equip the Organization to operate more efficiently and effectively. Human resources management reform, modernization of procedures and processes and more efficient use of information technology would remain priorities.

10. Much had been done already, and he was committed to doing more. But it was also necessary to be realistic. In the past six years, the United Nations had had absolutely no budgetary growth. Even in dollars, its total budget was currently lower than it had been in 1994-1995. It had been able, thus far, to absorb the effects of inflation and a large number of unfunded mandates through careful management of resources and prioritization. With various reforms, efficiency measures and new technologies, it had managed, to a large extent, to do more with less. Despite its difficulties in coping with stagnant budgets and the late payment of dues, it had carried on serving the Member States and the peoples of the world.

11. The Organization *could* do more with less, but only up to a point. Sooner or later the quality of its work must suffer. Further budgetary constraints would seriously compromise its ability to deliver the services expected of it, particularly when Member States imposed new mandates without adding new resources. It was time to review carefully, in detail, the Organization's programme of work, and to ask whether all the meetings being held were really indispensable; whether some of the reports requested duplicated others; whether resources were allocated in the most productive way; and whether they could be applied more usefully to priorities in keeping with the Millennium Declaration. The Member States should ask themselves whether all the mandates entrusted to the United Nations were really important. Above all, they should ensure that resources were available for what they considered to be high-priority areas. To further facilitate the strategic redeployment of resources, he had proposed time limits or sunset provisions for new initiatives involving organizational structures or major commitments of funds. The General Assembly had not yet accepted that proposal; he urged the Committee to give it serious thought.

12. The Organization must be capable of playing the role that the world's peoples expected of it. It must become a more effective instrument for pursuing the priorities outlined by member Governments. The proposals which he had presented were designed precisely to achieve that aim. He and the entire Secretariat would continue to do their best to serve the interests of the Member States and their peoples with professionalism and efficiency. But ultimately, whether the United Nations became the strong organization that those peoples needed depended on the willingness of member Governments to give the United Nations the means to do what they expected of it.

13. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the first report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed programme budget for the biennium 2002-2003 (A/56/7). The revised appropriation for the current biennium was $2,533 million. The initial estimate for 2002-2003 was $2,648 million and represented slightly less than a zero real growth budget. The nominal increase was 4.6 per cent.

14. The anticipated revision to take account of currency fluctuations, inflation, some decisions of intergovernmental bodies, peacekeeping support costs and security needs could increase the initial estimates to $2,700 million. All information on additional estimates should be provided to the Advisory Committee and the Fifth Committee as soon as possible to facilitate early budget negotiations.

15. Demands would probably be made for more budget discipline, greater efficiency, redeployment of resources from low to high priorities and elimination of marginal and obsolete activities. In recent years, the process of establishing the initial budget levels and the subsequent appropriation levels approved by the General Assembly had already been subjected to those actions. The Assembly had frozen regular budget expenditure since 1996-1997 but had not frozen the demand for more activities. The indication in resolutions and decisions that additional mandates must be funded "within existing resources" had increased the

Organization's workload without increasing its funding; the result, in some cases, had been an overload beyond the Organization's capacity to absorb, despite the redeployment of staff and other resources. The strength of the dollar combined with low inflation had provided some capacity to implement additional activities, but the quality of some services had nonetheless deteriorated. Moreover, that partial relief might not be available for much longer, given the decrease in vacancy rates and the changes in the currency situation. Resources released from the discontinuation of some outputs and from efficiency gains had been redirected to priority programmes of work, and thus were not available for transfer to the Development Account.

16. The Advisory Committee's report pointed to many areas with great potential for more productivity and efficiency gains. Since up to 80 per cent of regular-budget expenditure was for staff costs, including the cost of temporary assistance, experts and consultants, the monitoring of such costs was critical for the management of regular-budget expenditure. The Advisory Committee had made some observations on the improvement of human resources management. Furthermore, the implementation of the human resources management reform proposals approved by the General Assembly could lead to more efficiency gains.

17. However, in a context of static budget growth, there was a limit to the enhancement of efficiency and productivity without additional investment coupled with policy decisions to address increasing demands for more programmes and activities. Investment in new technology, for example, could produce tangible increases in productivity. The Secretariat had prepared a report on technology strategy which, though it identified the problem, did not put forward a credible integrated strategic plan of action indicating the benefits and the resources to be invested. It was no longer possible to do more with less; as the Secretary-General had indicated, such a course was becoming increasingly untenable (A/56/7, para. 141).

18. The General Assembly's political decision on the level of the regular budget was often arbitrary and sometimes appeared to be motivated by budgetary and economic trends in national Governments or by what Member States contributed to other United Nations operations or entities. It must be borne in mind that the relatively small regular budget financed the Organization's indispensable core capacity to fulfil its mandates, including support of mandates funded from peacekeeping budgets and voluntary contributions. In the absence of a policy decision by the General Assembly, the Advisory Committee had not taken part in the political debate on whether zero or zero-nominal growth should be the benchmark for setting the level of the regular budget. It had continued its recent practice of not recommending an overall change in the initial estimates proposed by the Secretary-General.

19. For the first time, results-based budgeting techniques had been used to prepare the budget proposals; that presentation needed further refinement. Member States and the Secretariat must cooperate fully to make progress; training was indispensable to ensure that expertise was not confined to a few Secretariat officials. Progress in refining the medium-term plan would affect the quality of the budget document. The principles and guidelines on results-based budgeting techniques put forward by the Secretary-General, the Advisory Committee and the General Assembly could not be applied fully until further progress was made, particularly in defining results more clearly in relation to proposed resources. The accountability of programme managers would be enhanced when Member States adopted clear and verifiable objectives. The Advisory Committee would not recommend increased flexibility in the use of appropriations unless it received evidence that the current flexibility was inadequate.

20. The structure of the budget document was based on financial and programme planning regulations and rules and could be changed only after results-based budgeting techniques had been further refined. The Advisory Committee had therefore not recommended a change in the structure of the budget document or in current methods of taking decisions on posts and non-post resources for the regular budget. Beginning in 2004-2005, it might be necessary to review the structure of the budget sections in the light of lessons learned from the first use of results-based budgeting techniques.

21. To save time and resources, the Advisory Committee had included in its first report comments and recommendations on several reports of the Secretariat and the Joint Inspection Unit. However, it would report orally on the Secretariat's report on the payment of honorariums to members of organs and subsidiary organs of the United Nations (A/56/311).

The Advisory Committee had discussed the subject previously (A/54/7, paras. 116-121) and had recommended that any decision to grant the proposed increase in such payments should take effect on 1 January 2000. The authority to pay honorariums and the determination of criteria for paying them rested solely with the General Assembly. However, the Assembly had not taken action in that regard. It was therefore requested to decide whether to grant a 25 per cent increase in the honorariums payable to six entitled entities; whether to extend payment, at the same level, to three other entities currently not entitled to honorariums; and when the increase should take effect. If the decision was applied retroactively to 1 January 2000, the financial implications would total $1,088,000 for 2000-2001 and 2002-2003; if it was applied prospectively, the financial implications would be $544,000 for the period from 1 January 2002 to 31 December 2003 under sections 6, 7A, 15 and 22 of the proposed programme budget for 2002-2003.

22. Thus far, the Fifth Committee had not taken any decisions on the Advisory Committee's practice of presenting oral reports. He drew attention to the statement he had made in that regard during the fifty-third session of the General Assembly (A/C.5/53/SR.42, paras. 43-45).

23. **Ms. Brennen-Haylock** (Chairperson of the Committee for Programme and Coordination), introducing the report of the Committee for Programme and Coordination (CPC) on the work of its forty-first session (A/56/16), said that the Committee had considered all the items on its agenda in depth, but had focused on the examination of the 31 sections of the proposed programme budget for 2002-2003 that came within its mandate. It had approved all those sections, some with modifications. However, it had been unable to complete its consideration of section 22, Human rights, because the latter did not conform to the medium-term plan.

24. The broad mandate of CPC was to review, analyse and pronounce on the programmatic content of the proposed programme budget. In particular, its task was to determine whether the Secretary-General had correctly translated the legislative mandates given by the Member States into programmes and activities. In general, the programme narratives considered had met with the Committee's approval. While the Committee had not given an opinion on the overall level of resources proposed for the next biennium, since the review of funding levels was primarily the responsibility of the Advisory Committee, it had discussed the increasing reliance on extrabudgetary resources to fund some of the Organization's activities. In that connection, it had recommended that the General Assembly should consider the issue, taking into account its impact on the implementation of mandated activities and the need to provide adequate funding for all such activities (A/56/16, para. 46).

25. The proposed programme budget reflected the priorities set out in the medium-term plan for the period 2002-2005. The Committee had noted that the distribution of resources among budget sections should comply fully with those priorities, and had recommended that the General Assembly should give due consideration to that matter. The proposed programme budget for the biennium 2002-2003 was the first that had been prepared using the results-based format. The new format, which was intended to reflect an approach that was more qualitative than quantitative, set forth the objectives around which each programme had been designed, as well as expected accomplishments, indicators of achievement and external factors that could affect the level of success in meeting those expectations. In general, the Committee had welcomed the new format, but various delegations had wondered whether the language of the expected accomplishments and indicators of achievement was precise enough to allow for proper measurement of programme delivery. The indicators should be more specific, measurable, achievable, realistic and time-bound. However, the Committee expected that the format would be further refined over time. Some of the proposed changes in programme narratives had been intended to introduce greater precision in the language. Under section 8, Legal affairs, the Committee had requested that the expected accomplishments and indicators of achievement should be rewritten to conform to the language of the medium-term plan.

26. The proposed programme budget reflected the importance of mainstreaming a gender perspective in all United Nations activities as an integral part of the Organization's policies and programmes. The Committee had welcomed that strong gender component.

27. Lastly, in the light of the legal opinion issued on the use of the terms "takes note of" and "notes" (A/C.5/55/42), the Committee had considered that those terms, as used in its report, were neutral and

constituted neither approval nor disapproval. It looked forward to receiving further guidance in that regard from the General Assembly at the current session.

28. **Mr. de Ruyt** (Belgium), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey and, in addition, Iceland, congratulated the United Nations and its Secretary-General on their selection as recipients of the Nobel Peace Prize, which highlighted the need to ensure that they could continue to meet the international community's expectations.

29. The Organization's financing in the coming biennium should reflect the general directions which the Member States had decided its activities should take in line with the Millennium Declaration. The ambitious agenda set forth in the Declaration could not be implemented without highly qualified, productive staff working in an efficient, well-coordinated Organization capable of providing quality services at the lowest cost and dispensing with obsolete or redundant activities. The Organization's financial situation must be improved and its budget must be based on established priorities. The goal of providing the resources needed for that purpose was inseparable from efforts to seek additional savings, to redeploy existing resources and to pursue budgetary discipline, efficiency and the general principle of value for money. The programme budget should therefore provide for periodic reviews or evaluations of the accomplishments of projects and activities.

30. The European Union would take that approach in examining each programme on its merits, including programmes in priority areas such as human rights, humanitarian affairs, the environment, sustainable development and efforts to combat terrorism, drugs and crime. Two issues of particular importance to the European Union were the financing of the comprehensive review of the whole question of peacekeeping operations and measures to strengthen the safety and security of United Nations and associated personnel. The European Union's aim was to include in the regular budget all programmes that represented core activities of the Organization under its Charter. While it would act in accordance with the spirit and the letter of General Assembly resolution 41/213 on the adoption of the budget by consensus, it would stress the importance of controlling expenditure and identifying savings.

31. The report of the Advisory Committee (A/56/7) set forth some excellent principles concerning reclassifications, publications, information technology, the cumbersome structure of some secretariats and the ratio between General Service and Professional staff. The Fifth Committee should apply those principles consistently to all the budget sections. Also of interest were the conclusions and recommendations of the Committee for Programme and Coordination (A/56/16, paras. 35-50), particularly on reviews of the relevance and effectiveness of outputs and the application of best practices regarding support services among United Nations duty stations.

32. The proposed programme budget had been submitted on time and was clear and readable. The results-based budgeting format used in its preparation must be consolidated. The Secretary-General's interim report on the collection of performance data for the indicators of achievement would be essential for refining, quantifying and evaluating those indicators, which must measure the results achieved by the Secretariat and not those achieved by Member States. The refinement of results-based budgeting techniques should be completed in time for the submission of the next programme budget in 2003.

33. The proposed programme budget gave no figures for efficiency gains, which must be identified during the current session. Resources had been kept under control in recent years, although constraints had been partially offset by favourable financial circumstances. The European Union hoped that continued efforts would be made in that regard. Clarifications were needed on workload indicators, productivity standards and temporary assistance. The European Union would pay close attention to the possible duplication of activities within the United Nations system and would carefully consider the justifications provided for all posts and expenditures. It was pleased to note the Organization's efforts to promote gender mainstreaming in its programmes.

34. The European Union would discuss its serious concerns about information technology at the current session. More emphasis should be placed on the development of conference-servicing technologies to improve such services and reduce the workload of the relevant staff. The European Union had reservations about reclassifications, which must not be used as a tool for promotion. It recalled the Advisory Committee's warnings about the top-heavy structure of

the Organization and the need to rejuvenate the Secretariat. A comprehensive review of those issues should be included in the programme budget for the biennium 2002-2003. The European Union supported the recommendations of the Advisory Committee and the Joint Inspection Unit on the cost-effectiveness of publications. Those expenditures would be reviewed in the light of the report to be submitted by the Secretary-General pursuant to General Assembly resolution 54/259.

35. **Mr. Asadi** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, congratulated the Secretary-General and the Organization on being awarded the Nobel Peace Prize. He commended the timely submission of the proposed programme budget and underscored the need for other documents relating to programme budget implications to be submitted on time during the current session. While the new format for the introduction of the budget was clearer, it was important to ensure that complete information on proposals for additional posts and reclassifications was reflected. Staffing information should continue to be presented in the traditional manner in order to maintain transparency.

36. Member States must bear the expenses of the Organization and honour their legal obligations in full, on time and without conditions, so as to demonstrate their political commitment and enable the Secretary-General to carry out the Organization's mandated programmes and activities effectively. At the same time, sympathetic consideration should continue to be given to those Member States which were temporarily experiencing genuine economic difficulties. In the presentation of the proposed programme budget and the consideration and implementation of the results-based budgeting procedure, it was important to adhere to all the provisions of General Assembly resolution 55/231 and other relevant resolutions. Results-based budgeting was not an end in itself, and should be implemented gradually, with due consideration for the intergovernmental, multilateral and international character of the United Nations. Indicators of achievement should be used where appropriate to measure the performance of the Secretariat, and not that of Member States.

37. The medium-term plan was the main policy-setting tool, and as such should serve as the basis for the elaboration of the proposed programme budget. Some of the sections of the proposed budget were not consistent with the medium-term plan for the period 2002-2005, in particular with regard to expected accomplishments and indicators of achievement.

38. The resources approved by the General Assembly must be commensurate with all mandated programmes and activities. There must not be any arbitrary decision to decrease resources or to impose an artificial ceiling which could have an adverse impact on programme delivery. The budget proposal must be reviewed in the light of the approved budget outline, taking into account all the mandates for the biennium 2002-2003.

39. The budget process adopted by the General Assembly was still valid, and it must be applied fully. The proposed programme budget should continue to be considered in fascicle form, and should be made available as a single document only after its final approval by the General Assembly. It was for the Fifth Committee to consider all administrative, financial and budgetary questions. The other Main Committees should therefore refrain from the use of the phrase "within existing resources" in their decisions and resolutions, and the phrase should not appear in the proposed programme budget. The Group welcomed the inclusion in the budget, in accordance with General Assembly resolutions, of expenditures for special political missions. Current provisions for the treatment of exchange rates and inflation should be maintained, as should the level of the contingency fund.

40. There was an alarming trend in the use of extrabudgetary funds for activities that should be financed under the regular budget. Such funds were often tied resources used to implement donor-driven policies. Mandates approved by the Member States should be financed collectively, in accordance with Article 17 of the Charter.

41. The proposed programme budget indicated a number of reclassifications and new posts at senior levels, which could further distort the staffing structure in an Organization that was already top-heavy. Any reclassification must be justified clearly and transparently by a well-documented change in the nature or scope of the work; it should not be motivated by the need to enhance career prospects or make recruitment more attractive. Resource allocation should better reflect the priorities established in the medium-term plan; there should be greater concentration on economic and social development.

42. Vacancy rates, which were strictly a management tool, should not be used as an instrument to achieve savings or decrease budget levels. The Group of 77 and China concurred with the Secretary-General's proposal that such rates should not exceed 5 per cent for Professional posts and 2 per cent for General Service posts. The recruitment process must be accelerated. Consultants should be used only when in-house expertise was not available, and consultants and contractors should only be engaged in accordance with section VIII of resolution 53/221. The hiring of such personnel must be done on as wide a geographical basis as possible, and proposals for consultants and expert groups should be clearly and separately identified in programme narratives.

43. Because the report of the Secretary-General on information technology had been prepared after the submission of the proposed programme budget, a separate report on related resource requirements had subsequently had to be issued. The lack of information on short- and long-term requirements and time frames for implementation was a weakness of the report. Investments in information technologies should result in tangible increases in efficiency and productivity. The delegation of authority should involve a system of responsibility and accountability, and must comply with the requirements of the relevant General Assembly resolutions.

44. Lastly, the Group of 77 and China expected the negotiations on the proposed programme budget to be conducted in an open and transparent manner. Moreover, it believed that all provisions of General Assembly resolution 41/213 and its annexes remained valid, and should be respected in full during the negotiations.

45. **Mr. Heinbecker** (Canada), speaking also on behalf of Australia and New Zealand, welcomed the emphasis placed by the Secretary-General on bringing a strategic focus to budget negotiations, a point that the three delegations had stressed during discussions on the previous biennial budget. They would, however, have welcomed proposals from the Secretariat on ways to redeploy resources to higher priority tasks. Because of the political difficulties involved, it would be advisable for the Secretariat to put forward such proposals, thereby shifting the burden of persuasion onto the Organization's membership. He welcomed the progress made in applying a results-based budgeting format, and endorsed the observations of the Advisory Committee and CPC concerning possible improvements. The full realization of the new format's potential was, however, still some way off.

46. The Secretariat should consider ways to standardize expected accomplishments and performance indicators where possible, for example in areas such as advocacy, substantive meeting support and technical cooperation. It might draw on the experience of other bodies, such as the International Labour Organization, which had more precise indicators and targets.

47. In 1995, the Advisory Committee had called for the budget base to be critically scrutinized to ensure that it contained only those resources required to meet continuing needs. The latest review by the Advisory Committee had been thorough with respect to additions, but it could have more directly addressed the base resources. In addition, programme priorities were not reflected in the allocation of funding. The resource growth for General Assembly Affairs and Conference Services outstripped the increases for the Department of Economic and Social Affairs, the New Agenda for Africa, the United Nations Conference on Trade and Development, the United Nations Environment Programme, Human Settlements, crime prevention and drug control programmes and all five regional commissions combined. The Secretariat's approach to improving efficiency and productivity was a matter of concern. Admittedly, it was becoming increasingly untenable to do more with less, but the budget document and the related reports made little mention of efficiency savings that could still be possible.

48. Three years earlier, the Secretariat had reportedly been pursuing efficiencies in six key areas. Since then, the policy concerning efficiency had apparently been significantly eased, if not reversed. The $150 million proposed for the Translation and Editorial Division covered nearly the same number of Professional posts and the same output as 20 years earlier, despite substantial technological improvements. Productivity in the Translation Services appeared to be 25 per cent less than the minimum standards in certain Member States, including his own. Some 1,700 dictaphones were still being maintained in an Organization that ostensibly aspired to use more modern techniques. The Organization could do without certain public information activities, such as the *United Nations Chronicle*, while others, such as the effort to publicize

the response of the United Nations to the attacks of 11 September, had been inadequate.

49. In order to increase efficiency, there should be greater recourse to practices such as comparative benchmarking and cost recovery for services provided between departments. Work process improvements in the Information Technology Services Division, Conference Services and the Department of Management would yield significant additional gains in efficiency. The temptation to hold meetings late into the night and on weekends must be resisted, as such practices were wasteful.

50. He expressed concern that CPC had again been unable to agree on the Human Rights section of the budget and that it had proposed so many changes to the budget narrative. He was also disappointed that several key requests had not been incorporated into the budget document, in particular one which called for a comprehensive review of the post structure of the Secretariat; another called for staff assessment to be presented in a more accurate manner. Since all States but one were assessed on the net budget while the budget itself was presented in terms of gross requirements, the budget was misleading and overstated the resources required.

51. Stability in the budget level provided useful and necessary discipline. No convincing case had been made for a major increase. More could be done to improve the efficiency of the Organization. He fully supported the Secretary-General's efforts to ensure that the priorities of the Organization were funded from the regular budget. The three delegations he represented, which paid their contributions in full, on time and without conditions, were among the strongest supporters of the United Nations and believed that the Members had a responsibility to ensure that contributions were used in the most effective manner.

52. **Mr. Negroponte** (United States of America), after congratulating the Secretary-General and the Organization on receiving the Nobel Peace Prize, said that results-based budgeting was an important milepost in the effort to make the United Nations more accountable for outcomes and results rather than for inputs and outputs. Results-based budgeting gave Member States the opportunity to outline clearly and unequivocally the top priorities for the Organization. The Committee must ensure that the proposed budget reflected the weight given to essential programmes and activities in the medium-term plan and that it was based on effective programme planning, results-based budgeting, monitoring and evaluation.

53. Decisions on the budget level must reflect discipline and seek the greatest possible value for money; it was necessary to identify efficiencies by using newer technologies and simplified procedures. New resource demands must be carefully scrutinized and weighed against continuing priority commitments. Resources from areas of lesser importance, including those corresponding to activities dating from earlier periods, must be eliminated or reduced, or redeployed to support higher priority activities. Such mandates must have clear-cut objectives and strategies, with specific, measurable, realistic and time-bound determinations of achievement.

54. The budget was basically consistent with the priorities for the medium-term plan for the period 2002-2005, with international and regional development activities remaining the largest item. Improvements in peacekeeping management and the security of United Nations staff deserved the highest consideration. His delegation strongly supported the results-based budgeting format, which included indicators of achievement, external factors, objectives and expected accomplishments and which provided a link between the medium-term plan and resource requests. The introduction of sunset provisions for activities would help to ensure the relevance and effectiveness of mandates.

55. The proposal for additional or upgraded posts, particularly at senior levels, was not justified; such additional posts would make the Organization even more top-heavy at a time when it needed to have a more flexible, less hierarchical structure. He wondered why a budget which purported to rejuvenate the Secretariat at the junior level would propose that the Organization should increase the number of P-1 and P-2 posts by 3 per cent and the number of D-2 posts by 6 per cent.

56. The results-based budgeting format established a basis for improved evaluations, including self-evaluations. However, the United Nations Evaluation Manual, published in 1986, had lost much of its relevance and usefulness, and should be updated as a matter of priority.

57. The Organization must take full advantage of modern information technology in order to increase its

productivity. The current strategy set no timetables for achieving goals, provided no cost estimates and gave no indication of expected economies. In addition, it had been drawn up after the information technology budget had been prepared.

58. The Department of Public Information managed a far-flung array of library, publications, media and Information Centre activities. Its structure and approach did not take full advantage of technological gains or modern management techniques. The Department's budget must be reconciled with an increasing tendency to allocate resources to public information activities in other budget sections. It was reported that oversight of the Secretariat's publishing activities was to be strengthened in view of the convergence of print and electronic publishing. However, according to the Advisory Committee, there was little evidence that the publications programme had been subjected to rigorous examination, despite numerous requests for such scrutiny. Measures in that sense were long overdue.

59. The current budget included some 27,000 outputs, but the Secretariat had proposed just 26 recurrent outputs for elimination. The requirement to identify obsolete and irrelevant programmes and activities had been seriously underemphasized.

60. About 20 per cent of the proposed resources were earmarked for Conference Services, which, as one of the largest budget items, represented the greatest opportunity to pursue innovation and productivity improvements. The Committee would require information from the Secretariat on how to increase the efficiency of translation, interpretation and publishing services before it considered that item.

61. While fully committed to providing the resources necessary to carry out priority mandates, his delegation felt that a modernized and effective Organization must deliver full value for the money that was put into it.

62. **Mr. Baali** (Algeria) said that the main objective of the proposed programme budget was to ensure that the content and scope of its programmes were consistent with the priorities established by the General Assembly and with the medium-term plan for the period 2002-2005. The programme budget was in fact a legal and political instrument by which Member States determined the level of resources that would be needed over a two-year period to carry out agreed mandates.

63. Given the recent constraints on the implementation of the programmes and activities mandated by the General Assembly, dialogue and consultations were now more than ever necessary to bridge the differences between Member States and to involve the Secretariat in the effort to find solutions to the problems that would inevitably arise during consideration of the programme budget proposals. In that regard, he wished to stress the need to respect the budget process laid down in General Assembly resolution 41/213 and to ensure that the role of Member States in reviewing the allocation of resources under all sections was strictly observed. That meant that Member States should make their contributions with complete transparency and be fully involved in the budget process, in conformity with the rules, regulations and procedures of the United Nations.

64. In that connection, the practice of a small group of delegations resorting to negotiations outside the assigned meeting room, as had happened in December 1999, was inappropriate, since it violated the important principle of transparency. If, however, such recourse became necessary owing to exceptional circumstances, then the agreement of all delegations must first be obtained.

65. With regard to the new results-based budgeting format, his delegation agreed with CPC and ACABQ that many of the expected accomplishments and indicators of achievement were too vague and differed in certain sections of the proposed programme budget from those contained in the medium-term plan. While such shortcomings were to be expected in the early stages of the use of the new format, the new method should be gradually improved so that it could become an effective tool for the management and evaluation of programmes and for holding programme managers accountable.

66. Strict budget practices and control of expenditures were needed because of the difficult financial situation facing the Organization, particularly since the achievement of those objectives would not affect the implementation of mandated activities and programmes. To that end, budgetary resources must be efficiently allocated, all the more so as the proposed allocations were unchanged in real terms in relation to the previous biennium. Foremost among the measures needed was an end to the excessive use of consultants and other groups of experts, who received substantial remuneration even though their skills could also be

found within the Organization. His delegation regretted the absence of a system for accurate data collection, analysis and reporting on consultants and contractors and supported the recommendations in the report of the Joint Inspection Unit (JIU) on the use of consultants in the United Nations (A/55/59), especially those recommendations that were also supported by CPC and ACABQ. He wished to mention in particular the recommendations of JIU that the development of the skills inventory of the staff should be expedited and the consolidated database made available to programme managers and that alternative means of communication, including teleconferencing, email and facsimiles, should be used whenever possible to reduce the need of consultants to travel.

67. The situation created by the large number of requests for the reclassification or creation of posts, particularly at the higher levels, also needed to be addressed. The reclassification or creation of posts at the D-2 or Assistant Secretary-General levels was generally difficult to justify and risked distorting the staffing pyramid and blocking mobility in the upper echelons of the hierarchy. Most reclassifications were a disguised way of facilitating the recruitment of a candidate or of promoting an incumbent; that did not constitute sound management practice. His delegation would be unable to accept any reclassification of a post, however justified it might be, in the absence of a clear mechanism for filling the reclassified post. He welcomed the reduction in the vacancy rate and hoped that the trend would continue, especially since the high vacancy rates maintained in recent years had led to a decline in the quality of service provided by the Organization, including language and documentation services.

68. His delegation was deeply concerned at the growing trend towards reserving senior-level posts in the Organization and its funds and programmes for nationals from certain developed countries. Quite apart from its unfairness, such a practice could adversely affect the cohesion and balance of interests in the Organization. The composition of the Secretariat should reflect the universal character of the Organization, which could be preserved only by respecting the principle of equitable geographical representation. He recalled that, in resolution 55/258, the General Assembly had requested the Secretary-General to ensure that, as a general rule, no national of a Member State succeeded a national of that State in a senior post and that there was no monopoly on senior posts by nationals of any State or group of States. The recommendations in the report of the Joint Inspection Unit on senior-level appointments in the United Nations and its programmes and funds (A/55/423) should also be implemented.

69. Of particular concern was the situation in the Department of Peacekeeping Operations, where recruitment, assignments and promotions were not carried out with full transparency. He pointed out that, as indicated in resolution 53/221, section II, and reaffirmed in resolution 55/258, the role of the Office of Human Resources Management was to be the central authority for the monitoring and approval of the recruitment and placement of staff and for the interpretation of the regulations and rules of the Organization and their enforcement.

70. His delegation noted that the narratives of several budget sections, including section 22 (Human rights) and section 8 (Legal affairs), did not respect the guidelines laid down in the medium-term plan for the period 2002-2005. The expected accomplishments and indicators of achievement listed in the budget sections should be brought into line with the medium-term plan. His delegation supported the other priorities set out in the budget proposals, including the maintenance of international peace and security, sustained economic growth and sustainable development, human rights, crime prevention and combating terrorism.

71. On the subject of terrorism, it was strange that, given the tragic events that had taken place the previous month in New York and Washington, the budget proposals did not reflect the seriousness with which the Organization should be dealing with a phenomenon that represented a grave threat to international peace and security. The time had come to consider either the creation of a structure within the Secretariat with responsibility for coordinating the different aspects of the fight against terrorism, or the strengthening of the Centre for International Crime Prevention in Vienna by adopting such measures as changing the name of the Centre to include the fight against international terrorism, providing it with adequate financial and human resources, and expanding its mandate to include the prevention of terrorism.

72. His delegation was concerned about the Organization's heavy dependence on extrabudgetary

resources for the financing of certain essential activities, including human rights, the environment and human settlements. Excessive recourse to that source of financing was not a prudent budgetary practice and ran counter to the principles of universality and shared responsibility for the financing of the Organization's activities.

73. Lastly, given the magnitude of the needs and expectations of a continent that was home to two thirds of the least developed countries, the increase in resources under the budget sections related to Africa was quite modest. Even though the Organization's resources were limited, it was still possible, given the necessary political will, to make additional resources available for funding programmes for the benefit of Africa.

74. **Mr. Chaudhry** (Pakistan) said that his delegation aligned itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China.

75. His delegation welcomed the presentation of the budget in a results-based format, which shifted the emphasis from a focus on inputs to results achieved, and supported the measures that sought to enhance efficiency in the implementation of United Nations programmes. However, in employing the results-based budgeting tools, it was necessary to bear in mind the international and multinational character of the United Nations and the link between inputs and outputs, and to recognize the difficulties of achieving complex political objectives and mandates within a specific time frame. He hoped that the guidelines specified in resolution 55/235 would be fully kept in mind in implementing results-based budgeting and endorsed the observations of the Advisory Committee concerning the need to refine the various terms, particularly expected accomplishments and indicators of achievement.

76. The medium-term plan, as the principal policy directive of the United Nations, should constitute the primary guidance in the preparation and approval of the budget. During the meetings of the Committee on Programme and Coordination earlier in the year, his delegation had noticed a number of inconsistencies between the budget proposals and the medium-term plan and urged the necessity of making corrections in that respect. While agreeing that the budget was a management tool that should enhance responsibility and accountability, he cautioned against its use as an instrument for cutting resources for approved programmes.

77. There was a growing reliance on extrabudgetary resources which his delegation did not consider to be a prudent budgetary practice, in particular because it violated the principle of collective and shared responsibility for financing the approved mandates. In accordance with Article 17 of the Charter, the expenses of the Organization should be borne by the Member States as apportioned by the General Assembly. Strict compliance with that legal obligation would ensure the continuous and predictable availability of resources.

78. His delegation also attached great importance to the established budgetary process as outlined in General Assembly resolution 41/213 and in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. It was his delegation's understanding that the results-based budgeting format was essentially intended to build upon and improve existing programme planning, budgeting, monitoring and evaluation procedures.

79. His delegation also shared the concern that had been expressed with regard to the reclassification of posts at the senior level, which would result in a top-heavy staffing structure.

80. In conclusion, his delegation endorsed the appeal by the Group of 77 and China that negotiations on the proposed programme budget for the biennium should be conducted in an open and transparent manner and in a spirit of understanding and cooperation.

81. **Mr. Shen** Guofang (China) said that his delegation fully concurred with the statement made by the representative of Iran on behalf of the Group of 77 and China, but wished to make a number of additional comments.

82. With regard to the new format of the proposed programme budget, his delegation supported any budgeting format that would enhance the Organization's efficiency. Results-based budgeting, however, was a new and complex system and neither the Secretariat nor Member States were as yet familiar with its terms and concepts. A gradual approach to its implementation was therefore needed. Certain areas of activity, moreover, should be measured by uniform

standards and programme managers should not be required to come up with expected accomplishments or indicators of achievement for activities that were difficult to measure and forecast. Whatever its format, the budget proposals could not exceed the medium-term plan for the period 2002-2005. While the objectives and expected accomplishments contained in the proposed programme budget were generally in conformity with the medium-term plan, the narratives were sometimes vague and departed from it. His delegation would explain those concerns during the informal consultations.

83. With regard to the level of resources proposed, his delegation was of the view that the budget proposals should always seek to ensure that adequate resources were available for mandated programmes and activities. The ongoing reforms and economy measures being undertaken by the Organization should therefore not be at the expense of the full implementation of mandated programmes and activities. Controversy still persisted over the general level of the proposed programme budget for the biennium 2002-2003 and his delegation called upon all States concerned to adopt a pragmatic and realistic approach to the matter.

84. On the subject of the allocation of resources, preparation of the United Nations programme budget required the setting of priorities. Allocation of resources should be reasonable, balanced and based on those priorities. However, both priority-setting and resource allocation must be in conformity with the interests and requirements of the Organization's Members as a whole and be decided by them on the basis of full consultations. His delegation noted with concern that, under the Secretary-General's proposals, some questions of vital interest to the developing countries, such as the environment, crime prevention, the development of Africa, economic development and regional economic cooperation, had not been given increased or even adequate resources. While balance was needed between the level of resources allocated to peacekeeping and development, respectively, more effective measures should be taken to ensure that priority programmes related to the economic development of developing countries received the necessary attention and assured funding.

85. **Mr. Shobokshi** (Saudi Arabia) said that his delegation supported the statement made on behalf of the Group of 77 and China concerning the proposed programme budget for the biennium 2002-2003 and endorsed the related report of ACABQ (A/56/7).

86. He called on all States to pay their contributions to the programme budget of the United Nations and to the peacekeeping budgets in accordance with the agreed scale of assessments in full, on time and without conditions, in accordance with the Charter and the Financial Regulations and Rules, bearing in mind that the major part of the financial burden of the scale of assessments to the regular budget and to peacekeeping budgets was borne by developing countries.

87. He emphasized that the implementation of the medium-term plan was not the exclusive responsibility of the Member States, either individually or in the intergovernmental framework, or of the Secretariat; it was a collective responsibility and the objectives could only be attained if the Member States worked in harmony with the Secretariat.

88. His delegation supported the Department of Peacekeeping Operations in its task of implementing the resolutions of the General Assembly on the basis of the recommendations of the Panel on United Nations peacekeeping operations (A/55/305-S/2000/809) and also welcomed any new suggestions from the Secretary-General concerning ways of achieving greater harmony within the Secretariat, and within the United Nations as a whole, in the areas of armed conflict and in connection with the issue of peace.

89. His delegation also welcomed the results-based format of the budget and the use of performance indicators in accordance with General Assembly resolution 55/231.

90. His delegation supported the efforts of the Secretariat to implement training programmes to develop basic, organizational and management skills, and technical skills among the staff in the area of information technology, which was a vital tool of decision-making.

91. He expressed support for arrangements for internal and external oversight, the Board of Auditors and the Joint Inspection Unit, and called for continuation of the internal oversight system and for efforts to enhance its capacity in order to safeguard the funds of Member States.

92. The improvement of human resources management was a priority which could not be achieved unless clear job descriptions were set for

programme managers and unless an effective system of accountability was established before programme managers received their mandate. The Office of Human Resources Management must make further efforts to give priority in recruitment to unrepresented and underrepresented Member States; the principle of equitable geographical distribution should be the basic criterion in the appointment of staff, and nationals of developing countries should receive their full quota of posts at the higher levels. His own country hoped that its nationals would shortly be appointed to a larger number of posts commensurate with its contribution to the programme budget of the United Nations.

93. **Mr. Satoh** (Japan) said that regular budget resources should be allocated in such a way as to strengthen the capacity of the Organization to discharge the responsibilities placed upon it in the United Nations Millennium Declaration. To that end, priority should be given to such areas as development in the developing countries, particularly in Africa, humanitarian issues, including refugees and internally displaced persons, and the safety and security of United Nations personnel.

94. The new methodology for calculating scales of assessment, the introduction of the results-based budgeting format and the progress made towards reforming human resources management had all brightened the prospects for improvement of the Organization's financial situation. The new budgeting format would enable programme managers to implement their mandates more effectively and enhance transparency and accountability. The Organization should nevertheless continue its efforts to further enhance the efficiency of the budgetary process in order to ensure the continued support of Member States and their taxpayers for its activities.

95. While reserving its comments on specific budget items for later in the debate, his delegation wished to make three points at the current stage. First, discussion of the budget should include the resource requirement proposals related to the comprehensive review of peacekeeping operations and the safety of United Nations personnel. Second, proposals for the creation of a large number of senior-level posts were not justifiable; they would reduce efficiency and run counter to the policy of rejuvenating the Secretariat. Third, the staffing costs for a number of posts in the Office of the United Nations High Commissioner for Refugees and the Office of the United Nations Security Coordinator, which in their respective budget sections appeared to have been reduced, were included under different items so that the size of the staff of the entire Secretariat was actually increased. Such a way of presenting a budget proposal impaired the ability of the General Assembly to monitor organizational and operational matters relating to United Nations offices and institutions and reduced the transparency of human resources management. It was essential to discuss the need for increased human resources in a transparent manner.

96. The subject of the equitable geographical distribution of posts in the Secretariat continued to be a matter of great concern to Japan, which was currently at about one third of the mid-point of its desirable range. Japan's underrepresentation was vastly disproportionate to its financial contributions to the United Nations and was arousing growing concern in his country. While his delegation acknowledged the efforts that had been made to improve the situation, a conspicuous improvement had yet to be noted. He hoped that his colleagues would understand the critical importance of increasing the number of Japanese staff members working for the United Nations in order to obtain political support for the Organization in Japan.

97. **Mr. Cheong** Ming Foong (Singapore) said that in recent years, the United Nations had been addressing the question of whether sufficient resources had been committed to enable it to undertake its ever-growing range of activities. There seemed to be a continuing disparity between the volume of resources committed to the United Nations by the Member States and the tasks that they asked the Organization to undertake. His delegation believed that a moderate increase in the budget in real terms was warranted, given the workload which the Member States placed on the Organization. At the Millennium Summit, world leaders had committed themselves to the United Nations Millennium Declaration, which envisaged a wide range of development goals to improve the lot of humanity. But, as the Secretary-General had pointed out, none of those goals could be achieved unless sufficient additional resources were made available. Member States would do well to heed those wise words as they worked their way through each budget fascicle.

98. For the past six years the regular budget of the United Nations had amounted to a total of about $2.5 billion and the proposed budget for the biennium 2002-2003 was no exception. Fortunately the United

Nations had been able to work within the artificial ceiling imposed by a zero nominal growth policy for the budget, partly because of favourable exchange rates and partly because it had maintained unexpectedly high vacancy rates for posts. That situation could not be realistically sustained in the long term. Member States should be prepared to take the decision to commit adequate resources to the important work of the Organization and bear in mind that they ultimately did themselves a disservice by capping the budget without due regard for the programmes and activities that the Member States themselves had mandated.

99. At the same time, the need to obtain value for money should also be borne in mind: true fiscal discipline lay in enhancing accountability and efficiencies and not in a blind adherence to a budget ceiling. There was a risk that the Member States would harm the long-term health of the Organization if they did not pay sufficient attention to ensuring that the money was well spent. There were a number of areas which, in the view of his delegation, would contribute to the common goal of increasing accountability and efficiency.

100. One important step towards that end was the preparation of the budget using results-based budgeting, as mandated by the General Assembly in resolution 55/231. While that was a welcome development, his delegation shared the concern of ACABQ that many of the indicators of achievement were described in vague terms. The Committee for Programme and Coordination had also had similar concerns when it had recommended that the General Assembly should request the Secretary-General to ensure that programme managers complied with the provisions of the medium-term plan, in particular with regard to the expected accomplishments and indicators/measurements of achievement (A/56/16, para. 37). During the deliberations of CPC on the human rights section of the proposed budget, it had been pointed out that expected accomplishments and measures of achievement either deviated, or were completely different, from those outlined in the medium-term plan. That was particularly disappointing since Member States had spent considerable time carefully working out politically acceptable language for that section during the negotiation on the medium-term plan. As results-based budgeting was being used for the first time, it was not surprising that there was some vagueness or inconsistency in the proposed budget, but his delegation expected that appropriate adjustments would be made and that the continued application of results-based budgeting in the future would ensure the attainment of the larger goal of further entrenching the culture of accountability and effective programme delivery.

101. Another major area where better value for money could be achieved in the long run was the increased usage of information and communications technologies (ICT) throughout the Organization. As the Secretary-General had pointed out earlier in the year, the creation of an electronic United Nations was a basis for increased efficiency and effectiveness. Specifically, videoconferencing could be a valuable tool in cutting down travel and associated costs and was increasingly being used to interview candidates for appointment. That was a trend that his delegation wished to encourage. The resources saved through such efficiencies could be better deployed elsewhere.

102. However, before the benefits of ICT could be reaped, resources had to be committed to it now. In that connection, his delegation shared the concern of ACABQ that it was not clear from the Secretary-General's proposal whether the $148 million requested for ICT included investments for future efficiencies or was merely the consolidation of current requirements. Pragmatic decisions about committing resources to the Organization had to be taken and ICT was one area that would benefit from immediate investments in the future. That was particularly important in view of the reductions in staff strength since the 1980s. His delegation therefore urged fellow Member States to resist the temptation to reduce the budget requested for ICT during negotiations.

103. Strengthening the Office of Internal Oversight Services (OIOS) was another means of ensuring value for money. Investigations by OIOS had served as an effective deterrent to fraud, waste and the abuse of authority throughout the Organization. The new Monitoring, Evaluation and Consulting Division would in future be responsible for carrying out four distinct functions in an integrated manner: monitoring, evaluation, consulting and inspection. In view of the significantly increased responsibilities of the Division, in both scope and substance, his delegation supported the request by OIOS for the reclassification of the post of the head of the Division from D-1 to D-2. Since 1995, OIOS had exposed waste and fraud in the Organization totalling some $200 million. Since the

welcomed the presentation of the budget proposals in a new results-based format which was aimed at effecting a change from a system of input accounting to one of results-based accountability. However, in many cases, the objectives and expected accomplishments were ambiguously defined. While many of the indicators were appropriate and useful, others needed to be further defined in order to become more specific, measurable and time-bound. In order to evaluate the continued relevance and cost-effectiveness of programmes and screen out those which were obsolete or redundant, a comprehensive review should be conducted by the programme managers, especially with regard to programmes that were being rolled over from one budget period to the next. In that context, his delegation supported the early introduction of sunset provisions as a built-in review mechanism.

119. Noting that the proposed budget represented an increase of 4.6 per cent in nominal terms over that of the previous biennium, he stressed the importance of strict budgetary discipline. He also noted that requirements relating to the issue of staff security and the outcome of the comprehensive review of peacekeeping operations had not been reflected in the budget proposals. His delegation strongly believed that further cost efficiencies could be achieved in many sections of the budget and that the overall level of the proposed budget could be significantly reduced. Zero nominal growth could be attainable for the forthcoming biennium if resources were redeployed from low to higher priority areas and if new requirements for resources were carefully scrutinized and weighed against continuing commitments for existing programmes.

120. The budget proposals for the biennium 2002-2003 indicated a net decrease of 94 posts. His delegation was concerned that the proposed number of reclassifications and new posts, especially at the D-1 level and above, might reinforce the already top-heavy post structure of the Secretariat and would be incompatible with the need to revitalize and rejuvenate the Organization. His delegation would like to see further justification for the upward reclassifications in terms of increased responsibilities and changes in the nature and scope of the work.

121. His delegation supported the continued investment in information technology as a means of increasing the efficiency and effectiveness of substantive programmes and the overall management of the Organization. The strategy for extensive use of information technology should be designed to bring about gains in productivity and efficiency which would eventually allow for a reduction in staff and savings in support services.

122. In conclusion, he reiterated his delegation's support for the established budgetary process set out in resolution 41/213 and the annex thereto. It hoped that the spirit of consensus embodied in that resolution would prevail during consideration of the proposed programme budget at the current session.

123. **Mr. Musambachime** (Zambia) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China but wished to raise a number of further issues.

124. The proposed programme budget for the biennium 2002-2003 had to be considered in the context of the serious financial situation facing the United Nations as a result of the non-payment by some Member States of their assessed contributions, which had resulted in continuous borrowing from the peacekeeping operations budget. As a result of that trend, the United Nations owed large amounts of money by way of reimbursements to troop-contributing countries. If those countries, particularly developing countries such as his own, were not reimbursed, they would not be able to sustain their troops who were currently deployed on various missions. His delegation therefore called on Member States to pay their assessed contributions to the regular budget in full, on time and without conditions. At the same time, his delegation recognized that some Member States, in particular some of the developing countries, were experiencing economic difficulties. The General Assembly should continue to give sympathetic consideration to those States.

125. His delegation had observed with concern the increasing use of extrabudgetary resources for mandated programmes and activities which should be funded under the regular budget in accordance with Article 17 of the Charter. Where extrabudgetary resources had to be accepted, there should be no conditions attached other than the delivery of mandated programmes and activities.

126. The other area of concern to his delegation was the continuing occurrence of high vacancy rates. While it agreed with the Secretary-General's proposal that

overall vacancy rates should not exceed 5 per cent of Professional posts and 2 per cent of General Service posts, it was concerned that that principle was not universally applied. It was particularly disturbing to note that high vacancy rates were more common in the regional commissions, which were based in developing countries.

127. Turning to the subject of geographical distribution, he said that his delegation was deeply concerned about the imbalance in the composition of the staff of the Secretariat. His own country had a desirable range of 1-14 but only 3 of its nationals were in the Professional category, and none at the senior management level. His country had many experienced and qualified candidates who had applied for posts in the United Nations but had not been appointed. In that connection, he drew particular attention to Article 101, paragraph 3, of the Charter which referred to the importance of recruiting the staff on as wide a geographical basis as possible.

128. Given the limited resources of the Organization to implement the mandates approved by the General Assembly, his delegation felt that consultants should only be used when in-house expertise was not available. Where consultants and contractors were needed, they should, as far as possible, reflect the international character of the Organization and be hired on a wide geographical basis.

129. His delegation attached particular importance to certain sections of the proposed budget for the biennium 2002-2003, including, in particular, the sections dealing with economic and social development aimed at reducing poverty, particularly in developing countries. Those sections should be adequately funded in view of the adoption of the New African Initiative by the Organization of African Unity. His delegation would like to see increased funding for section 10 of the proposed budget which covered the New Agenda for the Development of Africa.

130. The New African Initiative was the result of the realization that 340 million people in Africa were extremely poor, half of the population living on less than $1 per day. High child mortality rates, low life expectancy at birth, widespread lack of access to safe water, and high illiteracy rates were prevalent on much of the African continent.

131. Although the revival and development of Africa were primarily the responsibility of African Governments and peoples, the continent needed the assistance of the international community, including the United Nations. For that reason his delegation requested increased resources for programmes and activities for African development. With the help of Africa's development partners, the aim of eradicating poverty in Africa and improving the living standards of the people would be attained.

The meeting rose at 6.15 p.m.

United Nations A/C.5/56/SR.10

General Assembly
Fifty-sixth session

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Fifth Committee

Summary record of the 10th meeting
Held at Headquarters, New York, on Thursday, 16 October 2001, at 10 a.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

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01-58176 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/56/11 and Add.1)

1. **Mr. Stuart** (Australia), speaking also on behalf of the delegations of Canada and New Zealand, drew the Committee's attention to the importance of the proposals submitted by the Committee on Contributions (A/56/11 and Add.1) concerning the application of Article 19 and the measures to encourage the timely, full and unconditional payment of contributions. It was understandable that individual States should have concerns as to how particular measures would affect them, and those concerns needed to be taken into account. However, no progress could be made if any change was rejected for fear of possible adverse effects on a limited number of Member States. An appropriate balance needed to be struck between the interests of those States and the interests of the Organization, not to mention the interests, repeatedly overlooked, of one group of Member States — both developing and developed countries — which met their obligations and subsidized those which accumulated arrears, whether deliberately or otherwise.

2. His delegation recommended that the procedures for the application of Article 19 and the measures to encourage the timely payment of contributions should be considered from the standpoint of their overall impact on the Organization, since any measure adopted could have a significant impact, including a financial impact, if many Member States were involved. While the net to net comparison approach would increase the Organization's cash balance by only $9 million, if more Member States were encouraged to pay their contributions on time the functioning of the Organization would be significantly improved, which was the object of the exercise. In fact, the decision taken by the General Assembly in resolution 55/5 A to make a net to net instead of a gross to net comparison in determining arrears under Article 19 was more consistent with the spirit of the Charter. He could see no technical obstacle to its implementation, which was essentially a political decision.

3. He pointed out that the line between countries which paid on time and those which did not was not simply a North-South line. Of the 141 Member States which had paid their regular budget dues by the end of 2000, 91 had been developing countries, and in 2001 Bangladesh had been the first to pay its dues. The purpose of the change in method was to encourage payment of the money owed to the Organization and to prevent the accumulation of nearly two years' worth of arrears, a practice which was current among major contributors, including developing countries. Those States which paid their contributions on time would not be affected. The decision of principle had been taken by the General Assembly in October 2000 and he proposed that its implementation dates should be set at 1 January 2002; Governments would thus have had over 12 months' notice to make the necessary adjustments.

4. He asked the Committee to support the principle of the biannual calculation of arrears; that would improve the Organization's cash position by encouraging Member States to pay their contributions more punctually and more regularly. The change would mainly affect major contributors which deliberately delayed their payments or accumulated arrears, not those which paid promptly and suffered the consequences of such practices. The matter was essentially a political one since it was quite possible to revise regulation 5.4 of the Financial Regulations and Rules.

5. With regard to the specific measures proposed by the Committee on Contributions, he was in favour of the indexation of arrears, despite its technical complexities. Noting with interest the proposal concerning multi-year payment plans, he asked the Secretariat to prepare a report for the Committee showing how those plans might be negotiated, handled and improved. In conclusion, he advocated serious consideration of the S-curve incentive scheme used by other agencies of the United Nations system.

6. **Mr. De Loecker** (Belgium), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, and, in addition, Iceland, noted that the debate was being held under General Assembly resolution 55/5.

7. As for the procedures for the application of Article 19, the European Union was very anxious for the matter to be resolved during the present session. In fact, the Committee encountered the same difficulties

every year: the reluctance on the part of a small number of countries to pay their contributions in full, and submission beyond the deadline of requests for exemption under Article 19 in contravention of article 160 of the rules of procedure of the General Assembly and of General Assembly resolution 54/237 C. In that connection, he recalled the measures recommended by the European Union in 1996: the early discharging of arrears, revising the scale of contributions to the regular budget and the scale applicable for peacekeeping operations, enhanced effectiveness at the administrative level and the adoption of measures to encourage timely payment of contributions. He reaffirmed the principles upon which the Union's position was based: equity and respect for the great majority of Member States which met their obligations on time, in full and unconditionally, firmness with regard to those which persistently refused to do so and understanding with regard to those experiencing genuine difficulties.

8. Timely, full and unconditional payment of contributions was essential in order to provide the Organization with a solid and permanent financial basis, to enable it to manage its resources effectively and efficiently, and to shelter it from arbitrary and unilateral decisions. Article 19 was the only instrument the General Assembly had with which to achieve that threefold objective. It had to be used with both discernment and impartiality at a time when the resources allocated to the Organization were still limited and every contribution counted.

9. The European Union had noted with interest the observations and recommendations of the Committee on Contributions. It was steadfastly in favour of net-to-net comparisons, the biannual calculation of arrears and other measures to encourage the timely payment of contributions and the reduction of arrears. Its position was based on two essential considerations. Firstly, the payment of contributions in full and on time demonstrated a willingness to accept the duties incumbent upon a member of the international community and a determination to strengthen it by enabling the Organization to fulfil its mandates and supporting it and the values it embodied. Secondly, the new procedures for application of Article 19 should not penalize States which were exposed to genuine and exceptional financial difficulties. The Union would consider with interested countries means of preventing a decision on the subject from further worsening their situation. It remained open to any proposal which was likely to encourage the timely payment of contributions and to reduce arrears.

10. **Mrs. Dinić** (Croatia) said that her delegation was aware of the great efforts made by some countries to meet their financial obligations to the Organization in full and on time, and reaffirmed that the scale of assessments should be based on the principle of capacity to pay, as established for the period 2001-2003. In a context of global recession it was important for the Committee on Contributions to continue to improve the method of determining assessments, so as to take account in particular of the socio-economic impact on developing countries and countries with economies in transition of the presence of refugees, both in the context of future scales and when reviewing requests for exemption under Article 19 of the Charter. Noting with satisfaction that the number of countries that had adopted the 1993 System of National Accounts had risen, her delegation recommended that the next scale of assessments should be based on the most recent and reliable data available to Member States.

11. Article 19 of the Charter should be applied in the case of Member States which did not meet their obligations, since it was the only penalty available. It should be accepted, however, that a country might be unable to pay its contributions on time for reasons beyond its control. Her delegation considered that measures should also be taken to encourage the timely, full and unconditional payment of assessed contributions by Member States and favoured the adoption of multi-year payment plans applicable to all Member States having difficulties in paying their arrears. It awaited with interest the forthcoming report on the subject.

12. **Ms. Chebomui** (Kenya) said that her delegation concurred with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. Recalling the obligation set out in Article 17 of the Charter of the United Nations, she emphasized that all Member States were required to pay their assessed contributions in full, on time and without conditions. She did not, however, support the two changes proposed to attain that objective (net-to-net comparison and biannual calculation of arrears) in that for many developing countries they would mean an additional burden to that imposed by the transfer of points resulting from the adoption of the new scale in December 2000. It was

also important to bear in mind the difficulties encountered by some countries by virtue of globalization and their dependence on exports of primary commodities and raw materials.

13. Her delegation considered that, while it was appropriate to apply Article 19 as a sanction for non-payment, sympathetic consideration should also be given to requests for exemption from its application submitted by countries experiencing genuine economic problems. Her delegation reaffirmed its commitment to the ideals of the Organization and noted with satisfaction that thanks to the efforts made by Member States its financial situation had very markedly improved, as the Under-Secretary-General for Management had explained to the Committee.

14. **Mr. Fujii** (Japan) said that his delegation had always insisted on the need for Member States to give the Organization the necessary liquidity by paying their contributions in full. It was not convinced, however, that the changes in the method of calculating arrears proposed in the report of the Committee on Contributions would result in a significant improvement in the financial situation. His delegation believed that it was not the right time to change the procedures for the application of Article 19 and it invited the Committee on Contributions to continue its work on the question.

15. **Mr. Requeijo Gual** (Cuba) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. With regard to the changes in the procedures for the application of Article 19 proposed in the report of the Committee on Contributions (the net to net comparison and the biannual calculation of arrears), he noted that the Committee had not yet been able to formulate recommendations and that the current procedures had been deemed to be consistent with the decisions of the General Assembly and with the Charter. Less than one year after a reform of the scale of assessments for the apportionment of the expenses of the regular budget and the peacekeeping budgets which had resulted in an increase in the financial obligations of many developing countries, those countries were asked to agree to further efforts, with the risk that more of them would lose their right to vote. It appeared from the report of the Committee on Contributions and from the report of the Secretary-General on the question (A/55/789) that the adoption of the measures proposed would result in an increase in the number of countri regarded at the beginning of the year as being late paying the minimum amount required to avoid t application of Article 19 and in the number of reques for exemption from that Article; in addition it wou complicate the task of the Committee, which would obliged to meet more frequently. If the goal was improve the financial situation of the Organization, the factors contributing to the difficulties in th situation should be considered on an equitable basis, particular the arrears of the main contributor. It w paradoxical to attach such importance to the recove of the $9 million that the decision to use the net to n comparison would produce when there were still proposals regarding the settlement of the enormo debt of the main contributor. Since the chang proposed might aggravate rather than improve t financial situation and jeopardize the univers character of the Organization by increasing the numb of countries deprived of the right to vote, h delegation believed that it was not the right moment pursue the matter.

16. Moreover, his delegation was opposed to a attempt to make consideration of a request f exemption subject to the adoption of the proposa which were supposed to strengthen the application Article 19. Those proposals should be considered their own merits. Lastly, his delegation was ready consider with other delegations the measures propos in the report of the Committee on Contributions encourage the payment of contributions in full, on ti and without conditions and to take into account t extremely low level of commodity prices on t international markets.

17. **Mr. Laptenok** (Belarus) said that all Memb States should discharge their obligations under t Charter on time and without conditions. Belarus h for several years been one of the first 10 Memb States to pay their contributions. It had also paid contributions to peacekeeping operations since 199 and had decided to increase its participation in tho operations. During the current year alone, it h already paid $1.5 million. With regard to t application of Article 19, he believed that it w important to take into account the difficulti experienced by some Member States owing to facto outside their control.

18. **Mr. Ahmed** (Iraq) said that, owing to t sanctions imposed under Security Council resoluti

661 (1990), Iraq had found itself unable to pay its contributions to international organizations since it could no longer even buy food and medicine. Because of a lack of hard currency, it had accumulated arrears which had made it fall under the provisions of Article 19. Since 1994, it had been asking for an exemption until such time as the sanctions were lifted or until it was authorized once again to pay its contributions in local currency, as it had done until 1992. For political reasons, one country had been opposed to the granting of that request by the Committee on Contributions. The request for exemption contained in document A/C.5/53/28 of 19 October 1998 had been considered by the Committee on Contributions during a special session held in February 1999. The Committee had indicated, in paragraph 64 of its report (A/53/11/Add.1), that there had been some discussion of whether the outstanding assessments of Iraq could be met from the sale of Iraqi oil, as had been the case with the Compensation Commission and the "oil-for-food" programme. On 9 June 1999, Iraq had addressed a letter to the Secretary-General requesting that consideration be given to the possibility of Iraq's arrears being paid from the revenues derived from the sale of oil. The Secretary-General had replied, in a letter dated 28 June 1999, that it was a matter for the Security Council.

19. In a letter dated 5 January 2000 (S/2000/7), Iraq had asked the Security Council to approve the allocation of $24 million from the Iraq Account established pursuant to resolution 986 (1995) and the memorandum of understanding of 20 May 1996, and specifically the 53 per cent and 13 per cent accounts, for the payment of the arrears in its contributions to international organizations. During consultations held by the Council in February 2000, a number of its members had supported Iraq's request. One State had expressed reservations on the grounds that revenues under the Programme should be used for the purposes stated in resolution 986 (1995) (humanitarian assistance and compensation). On 11 April 2000, in a further letter addressed to the President of the Security Council (S/2000/302), Iraq had proposed that the sums in question should be taken from the 2.2 per cent account allocated to administrative expenses, in which there was a balance of $212 million. The President of the Council for the month of May had indicated that he had held bilateral consultations but had been unable to reach an agreement. Iraq had learned that the Member State which was opposed to the formula suggested was the United States. In view of the importance which Iraq attached to the payment of its contributions to international organizations, in particular the United Nations, it once again requested approval of the allocation of the sums in question from the 2.2 per cent account.

The meeting rose at 10.55 a.m.

United Nations A/C.5/56/SR.11

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Fifth Committee

Summary record of the 11th meeting
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Chairman: Mr. Effah Apentang ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 129: Improving the financial situation of the United Nations (*continued*)

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01-58466 (E)

The meeting was called to order at 10 a.m.

Agenda item 129: Improving the financial situation of the United Nations (*continued*) (A/56/464*)

1. **Mr. Asadi** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, reaffirmed the legal obligation of Member States to bear the expenses of the Organization, in accordance with the Charter of the United Nations, by paying their contributions in full, on time and without conditions. At the same time, there was a need to understand that some States might temporarily be unable to do so as a consequence of genuine economic difficulties. It was encouraging that in the current year the Organization could recover its financial health, which should permit it to discharge the mandate given to it by Member States. In the next budget submission the Secretariat should report to the General Assembly on the implementation rate of mandated programmes and activities.

2. The Group, having understood that the information provided by the Under-Secretary-General concerning the payment that the United States would make at the end of the year was based on projections, requested clarification about the sources and basis of such projections. In any event, such payments must not be subjected to any conditionalities.

3. The Group was also concerned about cash-flow problems faced by the Organization in the second half of every year due mainly to late payment of contributions by major contributors. It was the duty of all States to align their payments so as to permit the Organization to have financial resources available to it early in the year. As the cash balance was expected to be negative by about $100 million by November of the current year, the Group would like to find out how the Secretariat intended to resolve the situation without resorting to cross-borrowing. It furthermore noted that the projected debt stood at $1.8 billion at the end of the year, nearly half of which was owed by the State which was the major contributor. He expressed concern about the financial situation that would prevail after 2001 and underscored in that regard that all Member States which had accumulated arrears, in particular the major contributor, should clear the full amounts as they were stated in the documents of the Secretariat, without any conditions.

4. The Group was concerned about late and irregular reimbursements to developing countries that provided troops and equipment to various peacekeeping operations. Those countries were in effect paying a subsidy to the Organization and were thus subjected to undue financial stress. He therefore welcomed the Secretary-General's announced intention to use the prospective payment by the major contributor for reimbursements owed to troop-contributing countries. The Claims and Information Management Section must immediately be provided with extra personnel, including temporary staff if necessary, so that it could handle claims without delay. The criteria for effecting reimbursements to troop-contributing countries, in particular developing countries, should be drawn up urgently. The Group was concerned that "write-offs" of some liquidated peacekeeping missions had not yet been duly certified, and that the attention of the Member States had not been drawn to that problem. It would like to know which measures had been taken by the Department of Peacekeeping Operations to solve on an urgent basis the issue of write-offs in liquidated missions. Furthermore, the Claims and Information Management Section must honour all its commitments made to troop-contributing countries for the reimbursement of the corresponding amounts. The Group would like to be informed of all pending claims requests. It also would like the reimbursement process to be transparent, fair and based on objective criteria. In conclusion, he reaffirmed that the Group of 77 and China would continue to take part in the collective effort to improve the Organization's financial situation.

5. **Mr. de Ruyt** (Belgium), speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia and the associated countries Cyprus, Malta and Turkey, said that the European Union cautiously shared the satisfaction expressed by the Under-Secretary-General at the prospect that, at the end of 2001, the Organization might have some financial room for manoeuvre. It took note of the efforts of the Government of the United States to pay its arrears following the adoption by the General Assembly of resolution 55/5, which had reduced that country's contribution to the regular budget from 25 to 22 per cent, thereby showing that the additional burden for the other Member States had not been assumed in vain. But the Organization's financial situation as at 30 September 2001 remained precarious, with total arrears across all budgets amounting to nearly $3.9 billion, or

nearly $800 million more than at the same date the previous year. The number of Member States that had paid their contributions to the regular budget in full as at 30 September (122 States) was the lowest in three years. Moreover, unpaid amounts to the budgets of the International Tribunals were 31 per cent higher than they had been on the same date the previous year, while unpaid amounts to the peacekeeping budget had reached the record figure of approximately $3.3 billion. That explained why the Organization was currently operating with a deficit. The European Union expected that situation to change radically by 31 December 2001, but regretted that the Organization should have to face such difficulties for 11 of the 12 months of each year for so many years. In any event, current indicators showed that the financial situation of the United Nations remained largely dependent on a small number of large contributors that set themselves payment deadlines and engaged in forms of financial arbitrage that were detrimental to the Organization. It was therefore still necessary to apply a series of measures to encourage the prompt, full and unconditional payment of contributions.

6. The European Union welcomed the fact that the favourable financial projections for 31 December 2001 would enable the Organization to reduce its debt to troop-contributing countries (from $917 million to $422 million) and that the Organization could soon become current in its reimbursements. Countries would thus be encouraged to participate in peacekeeping operations and those benefiting from the reimbursements could in turn pay off their arrears to the Organization.

7. **Mr. Mackay** (New Zealand), speaking also on behalf of Australia and Canada, said that a stable financial base, without which the Organization could not carry out the activities mandated by Member States, also reflected the strength of their political commitment to the Organization, its Charter, its objectives and its credibility. Australia, Canada and New Zealand welcomed the projections by the Under-Secretary-General for Management and acknowledged the efforts of the United States to address its arrears. It must be remembered, however, that the figures that had been given were based on projected payments and not on funds actually received. It was therefore for Member States to make good on their commitments.

8. Those favourable projections should not remove the sense of urgency in doing what was necessary to improve the Organization's financial situation: it was a matter of concern that the number of countries that were up to date with their contributions appeared likely to decrease in 2001. All Member States were legally bound under the Charter to meet their share of the expenses of the Organization. The Secretariat, which shared responsibility for the effective functioning of the Organization, should strive for efficiency by improving its billing system: the ability of States to meet the 30-day payment window for peacekeeping assessments would be greatly enhanced if the Secretariat provided an indicative schedule of assessment dates. The current practice of issuing assessments without notice imposed additional administrative burdens on States, many of which operated on a different fiscal year than the United Nations. While assessments clearly could not be issued until the Security Council had renewed the peacekeeping mandates in question, an informal, indicative system could be established to assist Member States. Improvements were also possible in the time taken to bill Member States for new peacekeeping mandates following their approval. The current financial situation remained tight and it was therefore frustrating that it could take up to two months following a decision to approve a mission to issue invoices to Member States.

9. Australia, Canada and New Zealand welcomed the prospect of reimbursement to troop-contributing countries, following the pay down of peacekeeping arrears. The outstanding debts continued to be an irritant. They affected countries of all sizes and from all geographic regions, most of which continued to meet their own assessment obligations.

10. The prospect of a healthy financial situation was encouraging. The delegations of Australia, Canada and New Zealand would nevertheless continue to press for enhanced efficiency and productivity and would work in partnership with the Secretariat and other Member States to achieve the financial stability foreshadowed in the presentation by the Under-Secretary-General for Management.

11. **Mr. Kennedy** (United States of America) said that the United States was firmly committed to the United Nations and proud to have been the largest contributor every year since its inception. The previous year, total contributions by the United States to the United Nations system had amounted to approximately $2.8 billion. In 2001, they were expected to exceed

$3 billion. He was pleased to announce that voluntary donations to the World Food Programme in 2001 were already in excess of $1 billion, the largest amount the United States had ever paid to a United Nations agency.

12. The United States was staunchly committed to paying its debt to the Organization and was making progress in that direction: the previous week, President Bush had signed legislation authorizing the payment of $582 million in peacekeeping arrears so that troop-contributing States could be reimbursed. He drew attention, in addition, to $571 million in peacekeeping assessments for 2001, $23 million for the international tribunals and $27 million already paid in regular budget assessments; the remainder should be paid as soon as the Congress completed its work on the United States budget. Thus, $621 million in assessments for 2001 had already been paid.

13. The financial outlook of the United Nations was now positive; however, the figures quoted by the Under-Secretary-General for Management merely meant that the Organization's deficit had decreased, not that strict budgetary discipline could be abandoned. Careful attention must therefore be given not only to priority areas in order to ensure their funding, but also to areas that could be made more efficient and effective — conference services, the Department of Public Information and information technology activities.

14. **Mr. Chaudhry** (Pakistan) supported the statement made on behalf of the Group of 77 and China and expressed the hope that the improved financial situation of the Organization would continue until the United Nations was financially stable. He noted with satisfaction that reimbursement of the amounts owed to troop-contributing countries had been accorded top priority. He hoped that the extraordinary practice of cross-borrowing, which could undermine the operation of peacekeeping missions and caused delays in reimbursement, would no longer be resorted to in future. It was also his delegation's understanding that, in the wake of the reform of the scale of assessments achieved by the Fifth Committee in 2000, and provided that all Member States fulfilled their obligations, the Organization would no longer face financial uncertainty in the foreseeable future. Pakistan supported the ongoing budgetary reform with a view to improving further the financial effectiveness of the Organization.

15. **Ms. Merchant** (Norway) expressed satisfaction that the country which was the largest contributor was expected to pay a total of $1,666 million in 2001. That should alleviate a deficit which the Organization had had to endure far too long and enable it to reimburse a substantial part of the amounts owed to countries which had contributed troops and contingent-owned equipment. Her delegation was pleased that the ratio of payments to assessed contributions was higher than in previous years and that financial stability and security were close at hand.

16. Unfortunately, however, even after the projected payments, by 31 December 2001, Member States would still owe the United Nations $1,799 million, of which $1,538 million was for peacekeeping operations. She noted that, thus far, 124 countries had paid their assessments in full, but that at least 18 others must do likewise by 31 December in order to continue the improvements of recent years. The situation was hardly encouraging; Mr. Connor himself had stated that the only way to overcome a chronic cash deficit was for Member States to pay their contributions on time and in full.

17. The level of regular budget assessments had remained constant since 1994, while a major effort had been made to make the Organization more efficient in the areas of human resources management, budgeting and peacekeeping. By contrast, there had been a steep rise in peacekeeping assessments; however, Member States should not lose site of the fact that the maintenance of peace and security was one of the raisons d'être of the Organization, and that they must live up to their collective responsibility. Her delegation noted that unpaid peacekeeping assessments were expected to fall significantly by 31 December 2001 but nonetheless urged those States in a position to do so to meet their financial obligations. She expressed the hope that, in considering agenda item 122 (programme budget for the biennium 2000-2001), the Fifth Committee would seriously consider measures to encourage countries to pay their contributions on time, in full and without conditions.

18. **Mr. Cheong** Ming Foong (Singapore) welcomed the degree of optimism which replaced the gloomy picture of so many years, largely caused by the sizeable arrears of the Member State which was the major contributor. The amount of $582 million which the major contributor was about to pay for peacekeeping operations was not an insignificant portion of those

arrears; thanks to that payment, together with others by the United States and certain other countries, paid contributions should exceed assessments in 2001. It was to be hoped that those expectations would be realized, enabling the United Nations to pay back large amounts owed to Member States, and, at the same time, regain a measure of financial flexibility which would also enable it to devote adequate resources to carrying out the programmes mandated by Member States.

19. Before celebrating, however, one must ask whether the good news really meant that the cash-flow problems of recent years had truly been solved. Upon closer inspection, two fundamental issues still needed to be dealt with before it could be said that the Organization was once again in sound financial health and would remain so in the long term. First, it was still a fact that the cash balance of the regular budget regularly went into deficit in the second half of the year. As long as Member States did not pay their assessments on time, the United Nations would still have to resort to the unhealthy practice of cross-borrowing, and the Under-Secretary-General for Management had been right to draw attention to it. Secondly, while the actual payments in 2001 might well exceed the amount assessed during the year, it was troubling to note that there would still be almost $1.8 billion in unpaid assessments by year's end — half of which was owed by one State, which regarded a substantial part of that outstanding amount as contested arrears and seemed to be in no hurry to announce when it intended to finish paying its debt.

20. In the wake of the events of 11 September, the United Nations could expect to be called upon to do more rather than less when it came, for example, to participating in the struggle against terrorism or establishing a presence in a post-conflict Afghanistan. Therefore, rather than complacency over the improved situation announced by the Under-Secretary-General, the political will must be found to put the United Nations on a financially secure footing.

21. **Ms. Aguinaldo** (Philippines), speaking on behalf of the member States of the Association of Southeast Asian Nations (ASEAN), endorsed the statement made on behalf of the Group of 77 and China. ASEAN welcomed the fact that the United Nations expected to receive by early November a partial payment of the United States arrears. Those $582 million had changed the profile of the charts.

22. However, it should not be forgotten that $1.8 billion in unpaid assessments were outstanding. That meant that the financial crisis was not over, and the fear was that it might undermine the Organization's ability to implement fully and effectively the programmes mandated by Member States. It was also a matter of concern that it was still provisionally necessary to cross-borrow from peacekeeping accounts to finance regular budget expenses. The only solution was for Member States to pay assessed contributions in full, on time and without conditions.

23. **Ms. Wahab** (Indonesia) said that she endorsed the statements made on behalf of the Group of 77 and China and of ASEAN. Her delegation welcomed the Under-Secretary-General's announcements, particularly with regard to the total aggregate payments for 2001 and the payment by the United States of the second tranche of its peacekeeping arrears. The Organization would thus be enabled to reimburse part of its debts, many of them very long-standing, to troop-contributing countries and to enjoy renewed confidence on the part of Member States.

24. It was to be hoped that the United States would make an effort to pay its remaining arrears. Yet in any case the United Nations financial situation remained critical, especially in terms of the cash-flow problems attributable to the late payment of assessed contributions by the major contributor.

25. The importance of paying assessed contributions in full, on time and without conditions could not be overemphasized — which did not mean, however, that understanding must not be shown towards those countries which were willing to pay but were temporarily unable to do so because of genuine difficulties beyond their control.

26. **Mr. Kadiri** (Morocco), endorsing the statement made on behalf of the Group of 77 and China, welcomed the fact that the United Nations was on the verge of recovering a certain amount of financial freedom of movement, and that financial stability and security were, as the Under-Secretary-General for Management had said, at hand. After so many years of financial crisis, the 2001 payments should exceed expectations and the amount of unpaid contributions should fall from $3.9 billion on 30 September to $1.8 billion by year's end.

27. His delegation still considered the financial situation of the United Nations to be a matter of

concern and pointed out that the Charter made it the obligation of all Member States to pay their contributions in full, on time and without conditions, although the difficulties some of them might be experiencing, especially some of the developing countries, had to be taken into account. In fact, although it was good that part of the arrears paid by the United States would go towards reimbursing the troop-contributing countries, the fact remained that the delay in paying those countries had seriously undermined their capacity to take part in other peacekeeping operations. Like the Group of 77 and China, Morocco was concerned by the requests for reimbursement which had not yet been approved even though they concerned military equipment damaged in the course of peacekeeping operations that had already been terminated, and it would like to know what arrangements had been made in that regard.

28. **Mr. Lavrov** (Russian Federation), observing that the Organization's financial situation was on the mend, said that the figures given by the Under-Secretary-General for Management justified a cautious optimism, because the United Nations now had a real chance of pulling back from the edge of the financial abyss before which it had found itself in recent years. However, the overall situation remained disquieting: the total United Nations arrears of Member States amounted to more than $3.8 billion, $3.2 billion of which were owed to peacekeeping operations, at a time when developments in several regions demanded an expansion of peacekeeping missions and therefore an increase in the resources devoted to them. At the same time, the Organization owed over $1 billion to the countries that had contributed troops and equipment.

29. While he welcomed the intention of the country with the highest assessed contributions to pay over $1.4 billion in arrears and assessed contributions to the Organization by the end of the year, he wished to point out that nearly $645 million must be paid to the Organization by other States by the end of the year. That amount should be paid quickly to the Organization in order to allow it to settle its chronic financial problems — cash deficits and cross-borrowing from peacekeeping accounts — and reduce its debt to the troop and equipment contributing countries.

30. The Russian Federation had made very tangible efforts to support the Organization. In 2001 alone, it had paid nearly $62 million for assessed contributions and arrears. Despite the difficulties it was experiencing, his Government paid its assessed contributions for the regular budget in full; for seven years, it had been contributing to peacekeeping amounts in excess of its assessed contributions, gradually reducing its debt to the United Nations. Such debt, which had been reduced by a tenth of the original amount since 1994, should be reduced further by the end of the year.

31. For the Organization to be on a firm financial footing, Member States must have the political will to live up to their undertakings. However, the system for the apportionment of expenses was equally important. The scale of assessments was both financial and political in nature, in that an equitable apportionment of expenses was reflective of trust in the Organization. In that regard, crucial decisions concerning the reform of the scales of assessment for the regular budget and for peacekeeping had been taken the previous year by consensus. The current year's financial results should now reflect that new paradigm, confirming the optimistic forecasts concerning the improvement of the financial situation of the United Nations.

32. **Mr. Shen** Guofang (China) said that, while he fully endorsed the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and his country, he would like to make some additional comments. No Member State would dispute the fact that the complex international situation called for a strengthened role of the United Nations and that such role would be impossible without a stable and solid financial situation. The question of improving the financial situation of the United Nations had become a perennial item on the Committee's agenda, with most delegations repeating year after year that all Member States should honour their obligations and that the country with the largest arrears should pay what it owed to the Organization in full and without conditions. His delegation welcomed the good news announced by the Under-Secretary-General for Management and hoped that his optimism would turn out to be justified.

33. He wished to stress that the new scales of assessment for the regular budget and for peacekeeping must be comprehensively and rigorously implemented, and that the country with the largest arrears should emulate the majority of Member States by paying its assessments in full, on time and without conditions and paying all its arrears as requested by the General

Assembly. For its part, China, a developing country with a relatively low capacity to pay, had agreed to a large increase in its assessments for both the regular budget and peacekeeping, in accordance with the resolutions adopted in December 2000.

34. China, like most Member States, supported the Secretary-General's reform measures. Due to the hard work of most Member States, some progress had been made with respect to the financial reforms, including adjustments to the scales of assessment and the adoption of a new budgeting format. The time had come to resolve the financial difficulties of the United Nations once and for all; that was absolutely essential for the Organization to be able to fulfil its mission and carry out its responsibilities under the Charter. Once again, Member States should honour their obligations in order to enable the Organization to function more effectively and serve all mankind better.

35. **Mr. Sun** Joun-yung (Republic of Korea) said that at a time when the United Nations was being called upon to play a greater role and to take on more responsibilities, a sound and stable financial structure was more indispensable to the Organization than ever before. His delegation had reiterated its concern over the Organization's precarious financial situation, and had urged all the Member States to pay their assessments in full, on time and without conditions. Considerable progress had been made in December 2000, thanks to the efforts of many countries, including the Republic of Korea, which had agreed to shoulder a heavier burden for the sake of achieving the common goal of improving the Organization's financial situation.

36. After years of gloomy financial forecasts, it was heartening to learn that there seemed to be a glimmer of light at the end of the tunnel. By the end of the year, there should be a significant improvement in the financial situation in terms of three key elements: cash reserves would increase; the level of unpaid assessments would decline; and the Organization's debt to troop and equipment contributing countries would be drastically reduced. In that regard, he commended the United States for its efforts, which had contributed considerably to the improvement in the situation. His delegation supported the Secretariat's plan to use the peacekeeping arrears to pay first and foremost troop contributors. Since peacekeeping was one of the core functions of the United Nations, delays by the Organization in honouring its debts impaired its credibility.

37. However, the Under-Secretary-General's optimistic picture was not without a downside. The number of countries paying their regular budget assessments in full decreased from 131 on 30 September 2000 to 121 on 30 September 2001. In order to arrest that trend and forestall a recurring cash deficit in the second half of the year, Member States should, as requested by the Under-Secretary-General, pay their contributions on time.

38. Moreover, the Secretariat projected that the assessment level for financing peacekeeping operations would exceed $3 billion by the end of the year, and the budget for the two international criminal tribunals was estimated to be $169 million for the year 2001. While his delegation remained a strong supporter of such activities, it believed that further economy measures should be taken, especially in the areas of procurement, asset and inventory management and human resources management. Furthermore, the evaluation of methods and procedures should be systematized, oversight mechanisms should be strengthened and budgetary discipline should become one of the key features of the Organization's management culture. Certainly it was incumbent upon Member States to ensure the financial solvency of the Organization, but it was for the Administration to ensure that its structure and activities were more streamlined, and even more efficient and better organized.

39. Looking to the future, he said it was to be hoped that the Organization would be well funded, well organized and well equipped to tackle the new challenges of the time. The Member States and the Secretariat shared the responsibility for realizing that vision and his delegation was wholly committed and prepared to extend its full support.

40. **Mr. Ahsan** (Bangladesh) said that his delegation aligned itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. His country was also gratified to note that the Organization had regained much-needed financial flexibility thanks to the compliance of Member States with their Charter obligations regarding payment of their assessed contributions. There was no need to repeat that respect for budgetary discipline would go hand in hand with the efforts made by Member States.

41. All delegations would recall the pains they had taken at the end of 2000 to arrive at new scales of assessments intended specifically to strengthen the financial basis of the Organization. All Member States must therefore honour the commitments they had made; by paying their contributions on time they would save the Organization from having to have recourse to such unorthodox practices as withdrawing funds from the accounts for peacekeeping operations.

42. His delegation was happy to note that the amounts expected to be received over the next three months would allow the Organization to pay the bulk of the money owing to troop-contributing countries. The Secretary-General was right to want to use the arrears paid by the United States of America for that purpose. As the largest troop-contributing country, Bangladesh could not emphasize enough the need for contributions to be paid on time, and his delegation wished to add that it was often in spite of the difficult situations in which they found themselves that the troop-contributing countries, which were mostly developing countries, not only paid their contributions on time but also mobilized material and human resources to answer the call of the United Nations.

43. His delegation was concerned about the delay in processing reimbursement claims, particularly those relating to equipment. While it used to take about three months, it now took on average twice as long. It would be interesting to hear from the Under-Secretary-General for Management how the Secretariat intended to address the problem.

44. **Mr. Jalang'o** (Kenya) said that his delegation associated itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. It was the collective responsibility of the Member States to provide the Organization with the financial resources it needed to carry out its mandate. Unpaid assessed contributions to peacekeeping operations had now reached $3.2 billion; that was a matter of concern to troop-contributing countries such as Kenya. Nevertheless, his delegation noted with appreciation that the Secretary-General had decided to reimburse those countries as soon as the major contributor had made a payment on its arrears.

45. While it appreciated the efforts of the United Nations, his delegation lamented the serious delays still encountered in the reimbursement of countries for contingent-owned equipment. Those delays created considerable difficulties for all countries, particularly the developing countries, which, although they remained committed to the call of duty, saw their capacity to participate effectively in peacekeeping operations reduced. His delegation would like the reimbursement of troop costs and contingent-owned equipment to be tied to a time frame so that situations would no longer arise where the Organization still owed large sums years after the closure of missions, as was the case with Kenya, to which the Organization owed slightly over $4.5 million for equipment by virtue of its participation in the peacekeeping operation in the former Yugoslavia which had been closed more than five years earlier. More than 1,000 Kenyan soldiers were currently deployed in Sierra Leone, yet Kenya had still not received any reimbursement for equipment, although the United Nations Mission in Sierra Leone was expected to conclude towards the end of 2002.

46. His delegation pointed out that Kenya had always endeavoured to pay its contribution in a timely manner. It invited other States to do likewise and hoped that the United Nations would also meet its obligations on time.

47. **Mr. Requeijo Gual** (Cuba) said that he associated himself with the statement made by the representative of Iran on behalf of the Group of 77 and China. His delegation noted that the Organization's financial situation, as it would be at the end of 2001, was encouraging and should be welcomed, provided that there were conditions attached to the promised payments. The payment of contributions and arrears was an obligation incumbent on all Member States under the Charter, although that did not mean that the specific situation of countries experiencing economic difficulties should not be taken into account.

48. His delegation considered that the promises of payment called for some comments. It was true that the total assessed contributions amounted to $4,246 million as at the end of 2001, an amount far higher than in past years; however, inflation and changes in exchange rates could result in spending in excess of the budget to be adopted for the next biennium. As of 30 September 2001, the total amount of unpaid contributions ($3,893 million) had been greater than the total amount of paid contributions recorded 12 months previously and, even if the anticipated payments were made, the arrears would amount to approximately $2 billion. The arrears of the major contributor continued to place a strain on the Organization's finances. Furthermore, even if the

commitments that had been made were met — and the legislative bodies of the country in question had recently released only $582 million — a considerable sum of arrears would remain subject to conditions, such as a ceiling on the total amount of resources, which might be detrimental to the Organization's activities. Thus, although the overall cash flow position might have improved, financial stability was still far from achieved.

49. His delegation would appreciate further clarification as to the use to which the anticipated $582 million would be put, taking into account the current financial rules and practices and, in particular, as to how much would be used to reimburse troop- and equipment-contributing countries.

50. Referring to the proposals made under agenda item 125 (scale of assessments) regarding the strengthening of the application of Article 19 of the Charter, and in the context of the improvement in the financial situation of the Organization, he said it would be wise to consider a specific, comprehensive and balanced discussion of all measures that might help to improve that situation.

51. **Mr. Singhara Na Ayudhaya** (Thailand) said that he associated himself with the statement made by the representative of Iran on behalf of the Group of 77 and China. He was pleased to learn that the financial situation of the Organization would improve, thanks to the reduction of unpaid assessments, and that the anticipated payment by the major contributor would be used to reimburse troop-contributing countries, including Thailand. He urged the Organization to continue to speed up the reimbursement and stressed that it must be able to rely on a solid financial foundation if it was to fulfil its growing mandate, particularly in the area of peacekeeping. For its part, Thailand paid its contributions in full and in a timely manner, despite its financial difficulties.

52. **Mr. Connor** (Under-Secretary-General for Management) made two announcements: first, the United States of America had already paid $637 million of the $1,459 million that it had promised to pay by the end of 2001; and, second, to date, 126 Member States had paid their contributions to the regular budget for the year 2001 and the deficit compared with 2000 had thus almost been made up.

53. He also wished to provide two explanations. In reply to the representative of Norway, who had expressed regret that assessment notices were not sent to countries as promptly as possible, he said he would ask for an effort to be made to improve the situation. He explained that the slowness of the process was a result of the complexity of the scale of assessments for the peacekeeping operations budget and the fact that changes had to be applied over a long period of time.

54. In reply to the questions posed by the representative of Cuba concerning the distribution of the $582 million to be paid by the United States of America in respect of peacekeeping operations, he confirmed that the principle of equal treatment for all Member States was strictly observed; thus, troop reimbursements were made to all countries for all the missions at the same time and for the same number of months. When partial payment for contingent-owned equipment was made, the amount authorized for each mission was divided between the various countries on a proportional basis.

55. Owing to cash-flow limitations, however, a system of priorities had been established. First, the missions must have sufficient cash reserves to meet their operating costs and pay their commercial debts over at least a three- or four-month period; next, missions must be able to pay any compensation owing in cases of death or disability and make payments owed to States under letters of assist and certified claims; and, lastly, countries must be reimbursed for troops and contingent-owned equipment.

56. He explained that the amounts that the Organization owed to the United States of America were a result of the fact that that country had instructed the Secretariat not to make any reimbursement for troops or equipment to it until it had settled the question of the payment of its contributions to the United Nations.

57. The sum of $582 million, which was to be received on 9 November and which, according to the Secretariat, would be used to reimburse troop-contributing countries, would be paid in several instalments: an initial payment of $381 million would be made at once to 47 countries, not including the United States of America, to meet claims that were already certified and entered as amounts to be paid as of 31 August 2001. Another $17 million, corresponding to claims for reimbursement which were in the process of certification, would be paid at a later date. Lastly, the amount owed by the United Nations to

the United States of America in payment of certified claims, for reimbursement $107 million, would be recorded as a credit as if that country had been reimbursed and, at the same time, had paid an equivalent amount in settlement of its arrears. In addition to those payments, which would be made rapidly, $77 million would be paid to States as other claims were certified.

The meeting rose at 11.40 a.m.

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Held at Headquarters, New York, on Wednesday, 17 October 2001, at 3 p.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*)

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01-58494 (E)

The meeting was called to order at 3.05 p.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*) (A/56/6 and Corr.1, A/56/7 and A/56/16)

1. **Mr. Volkov** (Russian Federation) said that the discussion of the proposed programme budget for the biennium 2002-2003 (A/56/6 and Corr.1) was taking place in unusual circumstances: never had the tasks of finding a collective response to the challenges of the new era, first and foremost terrorism, and strengthening international security been more urgent. His delegation believed, in that connection, that there was a need to enhance the role of the United Nations as an indispensable tool for maintaining international peace and security and to mobilize its unique potential to counteract new and unprecedented threats. In order to carry out that multifaceted task, the United Nations must continuously strengthen its operational capabilities and improve its executive mechanisms.

2. He noted with satisfaction that the proposed programme budget had been prepared within the framework of the medium-term plan for the period 2002-2005 and addressed the priorities identified by the General Assembly. His delegation supported the measures taken by the Secretary-General to redistribute the Organization's limited resources in view of the new priorities, to rationalize United Nations expenditure and to increase the efficiency of Secretariat structures. It agreed that the changes taking place in the United Nations made it possible to do more work with fewer resources. Indeed, with an improved management culture and strict financial discipline, and taking into account the sizeable investments in the development of information technologies, management systems and staff training, it should be entirely possible to maintain the existing level of budgetary expenditure.

3. The Committee would discuss a number of important proposals for expenditure on new priority programmes and activities that were not included in the proposed programme budget. It must also take into account the forthcoming recosting of the budget, which could have a significant impact on its general parameters. The resources necessary to cover the additional expenditure could be obtained from savings in such areas as administration, common services, travel and expenditure on consultants, as well as from additional savings due to investment in information technologies. The related report of the Advisory Committee on Administrative and Budgetary Questions (A/56/7) also highlighted a number of areas in which the work of the Secretariat could be rationalized and its working methods improved.

4. His delegation shared the Advisory Committee's concern about the swelling of the upper section of the staffing table and agreed that there was a need to fight grade creep. That problem should be addressed by increased staff mobility and the redeployment of human resources. In addition, radical reform of the system of contracts would open the door to the United Nations for young professionals whom the Organization needed in order to address the new, complex challenges it faced.

5. The most important task in preparing the programme budget was to identify obsolete and inefficient programmes and activities with a view to lowering expenditures so as to release resources for priority projects. The new format of the programme budget, which placed greater emphasis on evaluating the practical results of the Organization's work, could and should facilitate the redistribution of resources and the search for savings without detriment to the approved priorities. He was pleased to note that the modified presentation of the programme budget strengthened the linkage with the medium-term plan and was meant to bring about a shift from an exclusively quantitative focus on resources to a more qualitative focus on expected accomplishments and the effectiveness of the Organization's activities. The new format should also ensure the maximum output from the resources invested in programmes and projects, provide for the more effective implementation of the mandates approved by Member States and ensure stricter control over the use of the Organization's limited resources. Overall, the programme budget, like the medium-term plan, should be aimed at consolidating the efforts of Member States and focusing United Nations activities on the challenges facing the international community.

6. The Russian Federation's own budget policy for 2002 had been developed on the basis of the priorities for the country's social and economic development in the medium term. His Government aimed to enhance the role of the budget as a tool of economic policy and as the financial basis of structural reforms and to improve the management of the State's assets and liabilities. The budget policy had enabled the Russian

Federation to overcome the consequences of the August 1998 crisis, to restore investors' confidence in State securities and to achieve a 5.5 per cent growth in industrial output and a 1.2 per cent growth in gross domestic product.

7. **Ms. Critchlow** (Guyana) said that her delegation wished to associate itself with the statements made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. The proposed programme budget for the biennium 2002-2003 was of particular importance since it came at a time when great demands were being made on the resources of the Organization, even as it strived to achieve the targets set in the Millennium Declaration. The projections regarding the financial situation of the United Nations were optimistic, but, all Member States must pay their assessed contributions in full, on time and without conditions if the Organization was to build on that momentum.

8. The resources of the United Nations should be commensurate with its mandates, and there should not be any ceiling on its budget. Over-reliance on extrabudgetary resources should be avoided for it was the responsibility of Member States to provide the resources necessary for the Organization's programmes and activities in accordance with Article 17 of the Charter.

9. Noting with concern that some sections of the proposed programme budget diverged from the medium-term plan, she emphasized that the latter document was the principal policy directive of the Organization and, as such, should form the basis for the development of the programme budget. The reasons for such non-compliance should be identified and remedial measures proposed. She also wished to reaffirm that the Fifth Committee had been mandated to address all administrative and budgetary matters and noted, in that connection, that the use of the phrase "within existing resources" in resolutions adopted by subsidiary bodies, the Economic and Social Council and the Main Committees of the General Assembly contravened resolution 41/213.

10. The world was increasingly being divided into haves and have-nots. The United Nations, as a universal organization, ought to ensure that that trend was reversed. It was therefore essential that adequate resources should be made available for all sections relating to economic and social development with a view to ensuring, in particular, the full participation of small island developing States in the global economy and the international trading system.

11. **Mr. Sharma** (India) said that his delegation wished to associate itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. The new format of the proposed programme budget and the clarity of the introduction were most welcome. However, the number of reclassifications proposed was a cause for concern. Like previous speakers, he wished to stress the importance of the medium-term plan as the principal policy directive of the Organization and the continued significance of Article 17 of the Charter and to reaffirm the validity of the provisions of General Assembly resolutions 41/213 and 42/211. He also agreed that the resources of the United Nations should be commensurate with its mandates; that there should be no artificial ceiling on the budget; that the Organization should avoid over-reliance on extrabudgetary resources; and that there was a need for balance in gender mainstreaming.

12. Given the improved financial situation of the United Nations, his delegation looked forward to the reimbursement of the $90 million owed to India in peacekeeping arrears. It had taken note, however, of the large amounts still owed to the Organization by the major contributors and the continuing negative cash balance, and called on Member States to work with greater resolve to restore financial flexibility to the United Nations.

13. While the Secretary-General had proposed small but important increases in certain priority areas, additional resources in an amount of between $50 million and $155 million would be required following recosting. Moreover, the Organization could not expect to continue to make savings based on the relative value of the United States dollar vis-à-vis the other currencies. Taking into account the additional expenditure required for implementing the recommendations of the Panel on United Nations Peace Operations, enhanced security and safety measures and any other mandates that might be approved, a zero-nominal-growth budget appeared impracticable. His delegation believed that the additional resources required for the aforementioned activities could easily be built into the budget, given the relatively small figures involved, and that most members of the Committee could agree that the recosting estimates,

which resulted from exchange rate fluctuations and inflationary trends, did not constitute an actual increase in the budget.

14. Following the strengthening of peacekeeping through the provision of significant additional resources to the Department of Peacekeeping Operations, the General Assembly should focus on strengthening the departments working in the economic and social sectors, where the biggest challenges to the international community lay.

15. He noted that of the $2.5 billion requested in the proposed programme budget, $2 billion would go towards staff costs, leaving just $500 million for implementing mandated programmes and activities over the next two years. The Secretary-General must be provided with the resources necessary to carry out the mandates given to him. The Secretariat could do more with less, but only up to a point, and further budgetary constraints would seriously compromise its ability to deliver services.

16. With respect to the Secretary-General's proposal regarding "sunset provisions" as a means of facilitating the strategic redeployment of resources, his delegation believed that the General Assembly should continuously assess the cost-effectiveness of United Nations programmes and activities. Those suspected of being a drain on the Organization's resources should be funded only after they had been subjected to ruthless scrutiny; such scrutiny was permitted under the existing Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. For example, the Office of Internal Oversight Services (OIOS) could undertake a preliminary study of such programmes or activities. OIOS was the entity best equipped to do that; with a budget of $19 million, it had already exposed waste and fraud totalling some $200 million. It should be provided with the modest additional support requested for the next biennium.

17. **Mr. Elgammal** (Egypt) said that his delegation supported the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China at the Committee's 9th meeting. It welcomed the Secretary-General's administrative and financial reform efforts and the use of results-based budgeting techniques to prepare the proposed programme budget, pursuant to General Assembly resolution 55/231. The new format would make it easier for Member States to evaluate programmes and measure the Secretariat's performance.

18. The medium-term plan, as the principal policy directive of the United Nations, must form the basis for the programme budget, and the priorities it contained should govern the allocation of budgetary resources. More resources should be allocated to the budget sections relating to economic and social development so that the United Nations could face the challenges of globalization. The proposed overall level of $2,519 million did not include the costs of staff security, the comprehensive review of peace operations or the report on the Organization's international radio broadcasting capacity to be submitted by the Committee on Information. The Secretariat should expedite the preparation of those reports and their programme budget implications so that the Advisory Committee and the Fifth Committee could take speedy decisions on them.

19. The Department of Public Information had an important role to play in the current critical situation, and should therefore be given enough resources to provide public information on all United Nations activities. Since that information must reach all population sectors, continued efforts should be made to enhance the traditional means available to the Department, such as radio broadcasting, as well as more advanced means of communication.

20. His delegation agreed with the Advisory Committee that the Fifth Committee should approve the proposed level of funding for section 10 (Africa: New Agenda for Development), which would replace all current initiatives in that area. It also supported the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which must be provided with the financial and human resources it needed to carry out all its mandated activities, despite the difficulties caused by the current situation in the region.

21. His delegation opposed the imposition of any artificial ceiling on the budget, since that would jeopardize the Organization's ability to implement all mandated programmes and activities. Information and communication technologies could enhance the Organization's efficiency and productivity and could help it to achieve savings in a number of areas, such as travel. Information technology was an indispensable

managerial tool for OIOS, and the regular budget should make provision for it, particularly in view of the valuable work done by OIOS in detecting fraud and mismanagement and prompting financial and administrative reform.

22. The recent unfortunate incidents in New York City had highlighted the problem of international terrorism. Section 14 (Crime prevention and criminal justice) should be reviewed with a view to enhancing the Organization's efforts to combat terrorism. Lastly, the Fifth Committee should bear in mind the Secretary-General's warning that further budgetary constraints would seriously compromise the Organization's ability to deliver the services expected of it.

23. **Mr. Manalo** (Philippines), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that the States members of ASEAN associated themselves with the statement made on behalf of the Group of 77 and China at the Committee's 9th meeting. ASEAN had always supported measures to improve the efficiency and cost-effectiveness of United Nations operations. It was concerned about the continual demands on the Organization to do more with less, and noted that the level of the proposed programme budget for the biennium 2002-2003 represented a very modest increase over the level of the budget for the current biennium. It sought assurances that the proposed resource level would be sufficient to implement fully and effectively all mandated programmes and activities for the coming biennium. Any imposition of an artificial ceiling on the budget would undermine the Organization's ability to respond promptly and effectively to new demands.

24. With respect to the requests for reclassifications and for new posts at senior levels included in the proposed programme budget, ASEAN shared the Advisory Committee's view that reclassifications must be justified by changes in the nature, scope or volume of the work involved. The processes governing recruitment and promotion must not be circumvented through the reclassification of posts.

25. **Mr. Oo** (Myanmar) said that his delegation associated itself with the statements made on behalf of ASEAN and the Group of 77 and China. It noted that the new format of the proposed programme budget reflected results-based budgeting techniques, as called for in General Assembly resolution 55/231. All budget proposals must be in conformity with the medium-term plan.

26. He was encouraged to note that the initial estimate for the programme budget for the biennium 2002-2003 represented less than zero real growth over the budget level for 2000-2001. While budgetary discipline was necessary, it should be achieved through enhanced efficiency and the elimination of waste, and should not put a constraint on the Organization's efforts to carry out its mandates successfully. Adequate resources must be provided for areas of vital importance to developing countries, such as the environment, economic development, humanitarian assistance and the development of Africa.

27. The Organization's success depended largely on the prompt and unconditional payment by Member States of their assessed contributions. All Members must honour fully their legal and contractual obligations under the Charter. He was heartened to note that the Organization's overall financial situation had improved for the first time in many years owing to the decline in unpaid assessments. As the Member States demanded more services from the Organization, they must provide it with adequate resources to carry out those mandates.

28. **Mr. Agyeman** (Ghana) said that his delegation fully associated itself with the statement made on behalf of the Group of 77 and China at the Committee's 9th meeting, particularly with respect to the budget process and the substance of the proposed programme budget for the biennium 2002-2003. The budget proposals before the Committee reflected the best practices of the Organization in operating on a static budget for the past six years through prudent management of available resources, even in the face of increasing mandates and the debilitating effects of global economic conditions. The strains on the budget were, however, obvious.

29. Budgetary constraints in the implementation of established programmes and mandates, such as those arising from the medium-term plan and the Millennium Declaration, must not be imposed at the cost of effectiveness. Efforts in that direction should be closely and realistically aligned with the collective demands made on the United Nations. Dedicated resources were required to fund the Organization's numerous mandates. While the establishment of priorities and the reallocation of resources could provide adequate

funding in some areas, increased resources would be required in other areas. Cost-saving measures and efficiency gains could not be further stretched without an adverse impact on the quality of services. While modest and realistic increases in the budget estimates were necessary, all such increases must be justified and must reflect a prudent allocation of resources.

30. Two issues that had not yet been fully factored into the budget estimates were the implementation of the second phase of peacekeeping reform and the Secretariat's plan of action on information technology. The comments which his delegation had made on information technology during the Committee's consideration of the programme budget for the biennium 2000-2001 were still valid.

31. His delegation noted the Advisory Committee's analysis of staff costs, and shared the concerns of the Group of 77 and China and a number of other delegations in that regard, particularly with respect to the number of upward reclassifications and new posts at senior levels. Ample justification for those proposals must be provided and staff deployment must be further rationalized on the basis of the priorities set for the Organization. His delegation was also concerned about the proposed increase in the extrabudgetary funding of core mandates and about the overall level of such funding in comparison to that of the regular budget. Core mandates were the collective responsibility of the Member States and should therefore be funded from the regular budget, even if that practice resulted in budget increases. Adequate resources must be provided to implement the policy of international cooperation for development, particularly in relation to section 10 (Africa: New Agenda for Development).

32. His delegation welcomed the results-based format of the proposed programme budget. That format could lend objectivity and focus to policy directions, guard against arbitrariness and lead to an improvement in the achievement of objectives as measured by the indicators of achievement. Member States should promote the success of the budget reforms by collectively meeting their responsibilities in the areas of approval and accountability.

The meeting rose at 3.55 p.m.

United Nations A/C.5/56/SR.13

General Assembly
Fifty-sixth session

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Fifth Committee

Summary record of the 13th meeting
Held at Headquarters, New York, on Thursday, 18 October 2001, at 10 a.m.

Chairman Mr. Effah-Apenteng (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations *(continued)*

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01-58735 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 125: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/56/11 and Add.1)

1. **Mr. Ali Hashim** (United Arab Emirates) said that 10 years of financial instability and budget deficits had had repercussions on the work of United Nations bodies, particularly with respect to development programmes and, above all, on behalf of the developing countries and the least developed countries. It should be no secret that the cause was not the method of apportioning expenses, but the fact that some countries did not pay their contributions in full and continued to accumulate ever more arrears.

2. His delegation was unhappy with the revision of the scale of assessments, which had resulted in unwarranted increases in the rates of assessment of the United Arab Emirates and of the developing countries but would not achieve its intended purpose unless all countries, particularly those which were assessed large contributions, paid them on time. The problem would not be solved by penalizing the developing countries, and the economic and political situations of countries should be taken into account when the next scales were adopted.

3. As for internal borrowing, it was a bad practice that would not solve the real problem and would harm peacekeeping operations and development programmes. It was crucial that Member States should pay their contributions on time and pay off their arrears.

4. **Mr. Valdivieso** (Colombia) said that his delegation fully supported the statements made on behalf of the Rio Group and the Group of 77 and China.

5. One year earlier, the Fifth Committee had been embarking on intensive negotiations on an issue that was always much debated, in conditions that were all the more difficult because the negotiations had been prompted by decisions taken outside the Organization. They had resulted in a regular budget scale of assessments that was supposed to place the United Nations on a sounder financial footing and a scale of assessments for the financing of peacekeeping operations that had not previously existed. Both scales demonstrated the commitment of the developing countries to the United Nations, since the assessments of countries which belonged to what might be called the "middle class" of Member States, which included the countries of the Rio Group, had increased considerably. In agreeing to increase their outlay and to shoulder more responsibility, those countries had hoped at the least that their needs would be taken more fully into account.

6. If the procedures for the application of Article 19 were entirely consistent with the rules governing the Organization, as the Office of Legal Affairs had confirmed, then they should not be modified. The proposed changes were not equitable, since they would result only in an increase in the number of developing countries affected by that Article. In addition, they would weaken the financial situation of the Organization just as it was finally on the verge of being able both to rely on a sound and solid financial foundation for the conduct of its activities and, thanks to the freedom of manoeuvre it had regained, to reduce its debt dramatically.

7. **Mr. Wins** (Uruguay) expressed support for the majority of the statements made on the issue and, in particular, those made on behalf of the Group of 77 and China and the Rio Group. He wished to draw attention to the consequences of any revision of the procedures for the application of Article 19 that was based on a purely financial view of the problem, without any regard for reality or the repercussions on the United Nations itself. Far from expediting the receipt of contributions and improving the financial situation and functioning of the Organization, such a revision would serve only to reduce the number of countries having the right to vote, and the countries affected would be developing countries. It was not therefore a solution, and it would be particularly inopportune to sow division among Member States at a time when the world needed more than ever a democratic and representative United Nations. His delegation could not support, either now or in the future, a measure that was purely political and lacked any justification from a technical and legal standpoint.

8. **Mr. Sessi** (Chairman of the Committee on Contributions) said that he had taken due note of the views expressed by the members of the Fifth Committee on the possible changes to the procedures for the application of Article 19, specifically the proposal to move to a net-to-net comparison and the proposal to calculate arrears twice each year. Several

members had expressed the view, which had been shared by some members of the Committee on Contributions, that the matter was essentially political and that it was for the General Assembly to decide. However, that was no reason why the Committee should not provide the Assembly with technical advice on the implementation of such a decision.

9. The Committee on Contributions had therefore limited its consideration to the technical and practical implications of the change, particularly in view of the results of its earlier consideration of the matter and the subsequent action by the Assembly. He was very sympathetic to the criticism that had been voiced by the representative of Botswana, but the Committee on Contributions considered that it was important to reflect the history of the subject, even at the price of some repetition.

10. The Committee on Contributions had probably exhausted the technical aspects of the subject and hoped that the results of its work, as reflected in its report, would help the Fifth Committee to reach a decision on the matter. The Committee stood ready to provide the General Assembly with any further technical advice it might need, depending on the nature of the decision reached.

11. On the question of the application of Article 19 to Iraq, that State had requested exemptions in 1995, 1996 and 1999. Members of the Committee on Contributions had been unable to reach agreement on the requests in 1995 and 1996. At its special session in 1999, the Committee had noted that the political aspects of the problem went beyond its role. In addition, as the representative of Iraq had indicated, some members had considered that it might be worth exploring the possibility of meeting Iraq's outstanding assessments from the sale of Iraqi oil. No subsequent action had been taken by the General Assembly on the three requests for exemption.

12. With regard to measures to encourage the timely, full and unconditional payment of assessed contributions, and subject to any guidance by the General Assembly, the Committee on Contributions had decided not to consider further the following solutions that had been proposed: establishment of a new assessed fund, issuance of redeemable certificates, and ineligibility of Member States in arrears for election to certain bodies or restrictions on their opportunities for recruitment and procurement. It had agreed to consider further, in June 2002, the possibility of indexation of or interest on arrears, as well as, at a future date and on the basis of guidance from the General Assembly, early reimbursement of troop-contributing countries and crediting surplus balances only to those Member States that were current with their payments. It also agreed that it could further consider possible incentives for early payment. On all those questions, however, the Committee on Contributions was awaiting clear guidance from the Fifth Committee.

13. The Committee on Contributions had recommended that the General Assembly should take a decision on the question of multi-year payment plans, on the basis of a report which it might wish to request from the Secretary-General.

14. With regard to the methodology for the preparation of future scales of assessment, he recalled the Committee's emphasis on the importance of Member States responding fully and promptly to the national accounts questionnaire so that future scales could be based on the most up-to-date information. He had taken due note of the statement by the representative of Croatia and hoped that all interested delegations would adopt the same positive approach to the issue.

15. In response to the statement by the representative of the United Arab Emirates, the reasons why the Committee on Contributions had been unable to accede to the request of that State were clearly set out in paragraphs 98 to 101 of the Committee's report. The United Arab Emirates should ensure that, during the elaboration of the scale for 2003, the Committee on Contributions received complete and recent information and, if it had not yet done so, it should switch as early as possible to the United Nations System of National Accounts (SNA 1993).

16. Lastly, Kiribati, one of the four Member States that had had arrears dating back to the period before their admission to membership of the United Nations, had now paid the outstanding amount in full.

17. **Mr. Chandra** (India) asked whether his understanding was correct that only 10 countries still remained subject to Article 19.

18. **Mr. Gilpin** (Department of Management) said that, since the outstanding amounts that had been paid by Kiribati were for the period when that State had not

yet become a Member of the Organization, that payment did not affect the number of States that came under Article 19, which stood at 15, four of which benefited from exemptions and 11 had effectively lost the right to vote.

The meeting rose at 10.30 a.m.

United Nations A/C.5/56/SR.14

General Assembly
Fifty-sixth session

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Fifth Committee

Summary record of the 14th meeting
Held at Headquarters, New York, on Friday, 19 October 2001, at 10 a.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*)

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01-59165 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*) (A/56/6 and Corr.1, Introduction and Expenditure sections 1 to 33 and Income sections 1 to 3, A/56/7 and A/56/16)

1. **Mr. Valdés** (Chile), speaking on behalf of the member countries of the Rio Group, said that it was incumbent upon Member States to determine the political and financial aspects of the proposed programme budget in such a way as to achieve a balanced distribution of resources between the various priorities.

2. The Rio Group expressed its satisfaction at the timely submission of the proposed programme budget. While he welcomed the clarity with which the different sections were set out, he noted that the presentation according to a results-based format could be improved, and he invited the Secretariat to take the necessary measures to that end. The Group also considered as a positive development the inclusion in the proposed programme budget of expenditures related to special political missions.

3. He drew attention to the increase in the number of D-1 and higher posts and said that, as the Advisory Committee on Administrative and Budgetary Questions (ACABQ) noted in paragraph 48 of its report, career prospects could not normally be handled through the reclassification of posts.

4. The Rio Group regretted that the Development Account estimates for the next biennium remained at $13,065,000, the same level as in 1998-1999. It also regretted the low level of expenditure in that section of the budget in the two previous bienniums and urged the Secretariat to implement fully those projects that remained pending.

5. **Mr. Cordeiro** (Brazil) said that his delegation endorsed the statements made by the Islamic Republic of Iran on behalf of the Group of 77 and China and by the representative of Chile on behalf of the Rio Group. His delegation believed that adoption of a results-based budget format would contribute to the improvement of the budgetary process, the outputs of the different programmes and, ultimately, the efficiency of the Organization.

6. His delegation regretted, however, that many of the objectives and expected accomplishments were too vague, but it believed that the proposal was a step in the right direction. His delegation concurred with the view expressed by ACABQ that as experience was gained it should be possible to refine the results-based budget tools.

7. His delegation welcomed the increased resources allocated to priority areas such as the coordination of humanitarian assistance efforts, but regretted that those requested for the promotion of sustained economic growth and sustainable development had increased by only 1.7 per cent, the lowest growth rate of all. It was important to ensure that United Nations programmes and activities in that area were adequately funded.

8. In his delegation's view, the debate on the proposed programme budget should have two objectives: to ensure that sufficient resources were allocated to the Organization's priority activities as established by the General Assembly, and to approve a budget document that would help to increase efficiency, rationalize programmes and activities and strengthen control over expenditures.

9. The efficiency measures taken by the Secretary-General and, in particular, investments in information technology had certainly resulted in increased productivity, but further improvements were necessary. His delegation agreed with the Advisory Committee that information on the progress and impact of information technology was emerging as an important tool for managing the Organization's activities, and it believed that full use should be made of technological innovations such as video-conferencing techniques, the Integrated Management Information system (IMIS) and other modern means of communication.

10. The fact remained that the General Assembly must provide the Organization with the resources necessary for it to implement its mandate. The Secretary-General had been right when he had said that there were limits to cuts in expenditures and that it was not possible to do more with less indefinitely. The adoption of the programme budget must therefore be preceded by a thorough examination of the allocation of resources within and between programmes in order to ensure that the funds available were used to finance priority programmes.

11. Personnel matters were of particular importance in a budget where almost 80 per cent of the resources were spent on salaries and other staff costs. His delegation concurred with the view expressed by the

Advisory Committee that any request for reclassification should be justified by a detailed description of the way in which the nature or scope of the activities related to the post had changed and should not be motivated by the need to enhance the prospects for recruitment or to provide a promotion for the incumbent. Requests for reclassification should not have the effect of increasing the distortions in a Secretariat which was already top-heavy and where the average age was high.

12. His delegation attached particular importance to sections 9 (Economic and social affairs), 11A (Trade and development) and 19 (Economic and social development in Latin America and the Caribbean), as well as programmes and activities related to poverty eradication. It also attached great importance to the allocation of adequate resources in the regular budget to finance the activities of the secretariat of the Intergovernmental Forum on Forests and for information services in the Portuguese language.

13. **Mr. Loulichki** (Morocco) said that his delegation wholeheartedly supported the reform programme introduced by the Secretary-General and noted that it was already beginning to bear fruit. It fully endorsed the statement made by the representative of the Islamic Republic of Iran speaking on behalf of the Group of 77 and China.

14. It was reassuring that, at the moment when the Organization and its Secretary-General had been awarded the Nobel Peace Prize, it seemed that the financial situation should finally improve. Given the important role it played in peacekeeping, in particular, it was vital that the Organization should have a solid foundation and the financial flexibility it needed in order to achieve its objectives. That presupposed, inter alia, that Member States would pay their contributions in full, on time and without conditions, it being understood that the difficult situations that some countries, particularly developing countries, might encounter must be taken into account.

15. The maintenance of the regular budget at the same level for eight years had forced the Organization to resort to drastic cost-cutting measures in order to absorb ever-increasing expenditure, a situation that had adversely affected the implementation of certain mandated activities and had led to the elimination of many others. In that connection, the Secretary-General indicated in his report on improving the financial situation of the United Nations (A/56/464) that, besides inflation and exchange rate fluctuations, additional services requested by Member States had been a factor in the increase in expenditure.

16. His delegation believed that the Organization must have the budget appropriations necessary fully to discharge its mandates and to implement approved programmes. In that regard, it was concerned about the excessive use of extrabudgetary resources. The Organization should not become too dependent on those resources, and mandated activities should be financed to a large extent from the regular budget.

17. His delegation was pleased to note that an amount of $93.7 million had been provided in the budget for special political missions, in accordance with the provisions of General Assembly resolution 55/233. Noting with satisfaction that the budget documents had been submitted earlier than usual, he emphasized that, in conformity with the relevant General Assembly resolutions, all documents should be made available to Member States within the prescribed time limits.

18. His delegation noted the new results-based presentation of the budget and considered that the Secretariat should take into account the provisions of resolution 55/231 in its next presentation. He took note of the Advisory Committee's observation that, in numerous cases, the formulation of objectives and expected accomplishments was too vague, a point that had also been made by the Committee for Programme and Coordination.

19. Indicators of achievement, which were an important part of the planning process, should be formulated as clearly as possible, taking fully into account the provisions of the medium-term plan, which remained the main tool on the basis of which the proposed programme budget should be established and, as such, should be scrupulously respected. Some expenditure sections, however, did not take fully into account the directives contained in the medium-term plan for the period 2002-2005. The next proposed programme budget must be prepared in complete conformity with the plan.

20. The human element played a very important role in the functioning of the Organization, since 70 per cent of the resources requested served to cover staff costs. His delegation considered that the implementation of resolution 55/258 would result in marked improvements in human resources management

in the areas on which the Assembly had been able to reach a decision. It awaited with interest the reports requested from the Secretariat so as to be able to move ahead with the consideration of the matters left pending.

21. Adequate resources must be allocated to the priority areas identified in the medium-term plan and in the resolution on the budget outline, particularly the maintenance of international peace and security, the promotion of sustained economic growth, the development of Africa, the promotion of human rights, the coordination of humanitarian assistance, the promotion of justice and international law, disarmament, drug control, crime prevention and combating international terrorism. His delegation wished especially to call attention to the development of Africa, a continent that was ravaged by conflicts and was experiencing huge economic and social problems further exacerbated by the effects of globalization.

22. Morocco, which was participating in United Nations activities for the maintenance of international peace and security, would consider very carefully the budget implications of the report of the Panel on United Nations Peace Operations (the Brahimi report) and would spare no effort to ensure that adequate resources were allocated for the implementation of the recommendations contained therein. He wished to assure the Secretary-General that his delegation had taken note of the appeal he had made in that regard.

23. His delegation also looked forward with interest to the reports to be submitted by the Secretariat on the security of United Nations staff, an issue to which it accorded special and constant attention.

24. **Mr. Al-Mansour** (Kuwait), endorsing the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China, reaffirmed the importance which his delegation attached to the medium-term plan. That document translated the overall policy of the Organization into programmes and activities which had to be taken into account in the preparation of the programme budget. He emphasized the close link between the proposed programme budget and the timely and unconditional payment by Member States of their contributions as approved by the General Assembly.

25. His delegation attached particular importance to the implementation of the provisions of General Assembly resolutions 53/221 and 55/258 which dealt with the delegation of authority. The responsibilities and duties that might be delegated should be precisely defined before such delegation took place. Internal control measures and measures for the control of procedures were also essential.

26. Public information activities which made the work of the United Nations better known were also very important, particularly in current circumstances. In that connection, his delegation emphasized the value of modern technologies but considered that radio broadcasting still had a major part to play in many regions of the world.

27. His delegation felt that it was very important to provide adequate resources to the Economic and Social Commission for Western Asia, which played a major role in the region. Although a little progress had been made, the Commission still had a large number of vacancies and efforts should be made to fill them. With respect to human resources management in general, his delegation emphasized that the principle of equitable geographical distribution must be respected and it hoped that efforts would be made to improve the recruitment of nationals of underrepresented and unrepresented States. Furthermore, high-level posts should not be reserved for a small number of States; an appropriate proportion of nationals from developing countries should be appointed to such posts.

28. **Ms. Jarbussynova** (Kazakhstan) expressed appreciation of the Secretariat's efforts in preparing the first proposed programme budget in a results-based format, the aim of which was to strengthen the link between the objectives of the medium-term plan and budgetary resources. Since the biennium 1995-1996, the United Nations budget had not increased, while the activities required of the Organization had constantly grown: her delegation considered that further budgetary constraints could not be regarded as useful or opportune. It shared the concern of the Secretary-General about the pressure to "do more with less", as well as his anxiety that that situation might have an adverse impact on the quality of the work. In the interests of efficiency, it was important strictly to respect the objectives of the medium-term plan and to allocate the available resources properly between numerous priority areas. Her delegation fully supported, in particular, an increase in the resources earmarked for economic growth and sustainable development, international justice and international

law, political affairs, international cooperation for development and the development of Africa.

29. The results-based budget had shifted the focus from a quantitative one based on resources to a qualitative one based on expected accomplishments. The indicators that were being used for the first time in the budgetary process should provide a means not only of measuring the implementation of legislative mandates but also of determining the relevance, efficiency and effectiveness of the work of the Organization. Continued investment in information technology would ensure increased efficiency and organizational transparency. Her delegation shared the view of the Advisory Committee that the objectives and expected accomplishments were too vaguely defined and that the terms used should be defined more precisely. Nevertheless, the new proposed programme budget should be a step towards the implementation of the tasks set out in the Millennium Declaration.

30. **Mr. dos Santos** (Mozambique), speaking on behalf of the African Group, commended the quality of the first results-based proposed programme budget and considered that it would enable the Organization to carry out its mandate, and particularly to attain the objectives of the Millennium Declaration, provided that the necessary funds were made available.

31. The African Group attached importance to the implementation of the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects which the international community had adopted by consensus the previous July. The Department for Disarmament Affairs had a central role to play in the implementation of the Programme of Action by assisting Member States to take the numerous measures proposed at the national, regional and global levels. It was, inter alia, called upon to develop capacity for specialist training on small arms stockpile management and security, to collate and circulate information provided by States on a voluntary basis on the implementation of the Programme of Action, to provide the secretariat for the biennial meetings to consider the implementation of the Programme of Action, and to provide support for a study on the feasibility of developing an international instrument to enable States to identify and trace in a timely and reliable manner illicit small arms and light weapons. Given the magnitude of the task assigned to the Department, which was the smallest in the Secretariat, the African Group fully endorsed the proposed modest increases in its resources. It considered that the implementation of the Programme of Action would be a major step in ensuring peace and stability, economic growth, sustainable development and the eradication of poverty in Africa, in accordance with the approach taken by African leaders in the New Africa Initiative.

32. In conclusion, he said that, with the necessary political will, the Member States would be able to approve a programme budget that would guarantee the implementation of the objectives of the Millennium Declaration, which set the priorities for United Nations action throughout the world.

33. **Mr. Adam** (Israel) said that his delegation concurred with the list of priorities for the biennium 2002-2003, which were in line with those specified by the General Assembly in resolution 55/233, but felt that more resources should be allocated to the promotion of sustainable development and sustained economic growth, the maintenance of international peace and security, combating terrorism and economic and social development. Funding must be secured for projects designed to address the digital divide, threats such as famine and disease, particularly in Africa, and programmes relating to the environment, on the threshold of the Johannesburg Conference. Israel also supported the strengthening of the Office of the Special Adviser on Gender Issues and Advancement of Women, with a view to enhancing gender equality at the United Nations, especially in peacekeeping operations.

34. More attention should be given to international peace and security, by enhancing peace-building activities and promoting tolerance and good neighbourliness. Israel attached great importance to the Brahimi Report and the recommendations of the panel on United Nations peacekeeping operations, and would like to see improvements in the work of the Department of Peacekeeping Operations, along with a comprehensive review of the structure, recruitment methods and personnel of the department, as described in paragraph 10 of the introduction to the proposed programme budget (A/56/6). In the light of recent events, it was necessary to enhance programmes aimed at fighting terrorism, and to increase the budget and the number of posts allocated for the maintenance of security for the Secretariat and members of delegations. Israel was also in favour of strengthening the Department for Disarmament Affairs, whose

workload had grown in recent years. It commended the work done in the field of administration of justice, and supported the proposal to increase the workforce of the United Nations Administrative Tribunal and the Joint Appeals Board.

35. In view of the precarious financial situation of the Organization, Member States should take a close interest in the initiatives taken by the Secretariat to limit the growth of the budget and should find ways of reallocating resources and posts among sections and programmes, in order to adopt a budget which reflected their needs and priorities without having to increase resources.

36. **Mr. Kulyk** (Ukraine) emphasized that in any redistribution of resources among the various activities, the main consideration should be to ensure full, effective and efficient delivery of programmes, while respecting the priorities laid down by Member States.

37. His delegation welcomed the fact that provision had been made for funding special political missions under section 3 (Political affairs). At the same time, it was concerned at the apparent lack of progress in applying efficiency measures throughout the Secretariat and hoped that the painstaking negotiations in the Committee on the modalities for operating the Development Account had not been in vain.

38. He welcomed the presentation of the proposed programme budget in a results-based format, in accordance with General Assembly resolution 55/231. However, he agreed with the Advisory Committee that that method needed continuous refinement.

39. As for the staffing structure, his delegation shared the concern voiced by others over the top-heaviness of the staff pyramid. Requests for reclassification were not always justified. Reclassification should not be used as a tool for promoting the incumbent of a post. The ongoing reform of human resources management and the gradual changes in the system for recruiting staff introduced by General Assembly resolution 55/258 should enable the Secretariat to exercise proper vacancy management and attract the best qualified staff.

40. As for the content of the programmes, his delegation supported the recommendations of the Committee for Programme and Coordination with regard to the narrative parts of the proposed programme budget. It regretted that the Committee had not been able to appraise the human rights programme and hoped that there would be a constructive review of that complex issue in the Fifth Committee.

41. In an organization the size of the United Nations, oversight was a crucial tool for improving management, preventing fraud and evaluating programme delivery. For that reason, Ukraine supported the strengthening of the Office of Internal Oversight Services. He expressed the hope that the Fifth Committee would not be required, as it had been in 1999, to make a decision on new elements in the programme budget which had not been presented under established procedures and said that his delegation looked forward to participating actively in transparent and constructive negotiations.

42. **Mr. Mustafa** (Sudan) associated himself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. Discussion of the proposed programme budget for the biennium 2002-2003 was especially significant, since it was the first budget to be drawn up using the results-based method. Because of the experimental character of that method, it could be assumed that caution would be exercised and that care would be taken not to place undue emphasis on results to the detriment of objectives, an approach which might end up in a blind alley if the desired results were not achieved. The Committee must satisfy itself that the priorities laid down in the initial proposed programme budget, based on the medium-term plan for the period 2002-2005, were in line with those adopted at the Millennium Summit, and that there were no plans to finance activities which had not been approved.

43. His delegation, like many others, considered that the services of consultants and experts should not be financed from extrabudgetary funds and that recruitment, including recruitment to specialized agencies, should comply with the principle of equitable geographical distribution. The computerization of the Organization should continue and provision should be made for the requisite appropriations to finance the various items of expenditure (training, maintenance, etc.) needed to carry out the strategy adopted, for which a separate budget ought perhaps to be established.

44. Tight control should be kept on expenditure and due heed should be paid to evaluation, so as to avoid

duplication and enable the Organization to function more efficiently and more economically.

45. **Mr. Barabandy** (Syrian Arab Republic) unreservedly endorsed the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. Although the proposed programme budget had to reflect the medium-term plan, it was plain that that rule had not been respected in all sections; he asked the Secretariat to correct that in future proposed budgets. It was particularly surprising that resources were not always distributed according to priorities. The requisite resources ought to be allocated to the important fields of economic growth, international economic cooperation, the development of Africa, the activities of the Department of General Assembly Affairs and Conference Services and the Department of Public Information, and those of the Economic and Social Commission for Western Asia (ESCWA), and programmes to assist refugees from Palestine.

46. While his delegation supported the measures proposed by the Secretary-General with a view to taking full advantage of information and communication technologies, it was essential to continue to use traditional methods of information in the developing countries, so as to preserve the universal nature of the Organization. Given that a substantial proportion of the surfers who visited the United Nations web site were looking for employment with the Organization, he wondered whether the Department of Public Information was able to convey the Organization's message via that medium. Too much emphasis was placed on the need to cut back the budget of the Department of General Assembly Affairs and Conference Services and to rely more on web sites, where English was gaining ground to the detriment of the other official languages, thereby tending to whittle away the linguistic and cultural diversity that was one of the Organization's assets. On the contrary, conference services should be allocated all the resources they needed in all duty stations and the Department of Public Information should be given the means to pursue its pilot project on radio broadcasts, taking care to ensure that the six official languages received equal treatment. Similarly, ESCWA should be provided with sufficient resources to ensure that all its publications could appear in Arabic. His delegation concurred in that respect with the comments and recommendations made by the Committee for Programme and Coordination in its report, especially in paragraph 242.

47. The United Nations Relief and Works Agency for Palestine Refugees in the Near East should also be given the funds it needed to operate in very difficult circumstances. Although the Organization's financial stability had to be guaranteed and the requisite resources had to be made available to it so that it could meet both the challenges of globalization and the objectives set at the Millennium Summit, the growing importance of extrabudgetary funds was a matter of concern. His delegation was against any artificial ceiling being placed on appropriations.

48. **Mr. Khalifa** (Libyan Arab Jamahiriya) supported the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. The proposed programme budget for the biennium 2002-2003 was the first to have been drawn up using the results-based budgeting format, which had been approved by the General Assembly in resolution 55/231. In order to make that tool more useful for Member States, the objectives, expected accomplishments and external factors ought to be defined more precisely in future proposed programme budgets, as the Committee for Programme and Coordination had requested.

49. It was regrettable that some sections did not take due account of the priorities set by Member States in the medium-term plan. The distribution of resources among the various sections had to be fair and consistent with those priorities. The requisite resources should be allotted to economic and social development programmes in order to assist the least developed countries, especially those in Africa, to meet the challenge of globalization and to alleviate poverty and unemployment. Support should be given to the oversight bodies which, by detecting shortcomings, helped to improve the financial and administrative management of the Organization.

50. Placing an artificial ceiling on appropriations could only undermine the implementation of activities and programmes which had been approved. Those activities and programmes must be financed from the regular budget, in other words from the contributions of all Member States, and not from extrabudgetary funds. The United Nations should also be allowed enough flexibility in the budget so that it could cope with serious unexpected events such as the acts of

terrorism committed in the United States on 11 September 2001.

51. Since the Organization had only limited resources to finance a host of needs, an effort had to be made to rationalize and complete the reform programme drawn up by the Secretary-General. His delegation shared the stance adopted by many delegations that the reclassification of posts should be governed by objective criteria. It was worrying that some Member States, above all developing countries, were still underrepresented or unrepresented; the principle of equitable geographical distribution should be properly applied. Lastly, all Member States should honour their financial obligations unconditionally so that the United Nations could fulfil its mandate.

52. **Mr. Kahende** (Kenya) associated himself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China. He noted with appreciation that the proposed programme budget for the biennium 2002-2003 was the first to be based on the medium-term plan for the period 2002-2005 and the first to be prepared using the results-based budgeting format. He paid tribute to the Secretary-General who, by skilful management, had been able to submit a budget reflecting virtually the same level of resources as that for the biennium 2000-2001, with a real resource reduction limited to 0.5 per cent.

53. His delegation noted with appreciation that the New Agenda for the Development of Africa was regarded as one of the priority areas for which the Secretary-General was calling for an increase of resources. That proposal was in fact in line with the decisions taken by the international community at the Millennium Summit, specifically section VII of General Assembly resolution 55/2 on meeting the special needs of Africa. Recalling the measures set out in the Millennium Declaration for achieving sustainable development in Africa and eradicating poverty there, together with the New Africa Initiative which made poverty reduction a priority, Kenya unreservedly supported the increase in funding called for by the Secretary-General under section 10 as the best way of eventually reducing the heavy budget for peacekeeping operations and humanitarian assistance.

54. As the only developing country to host a United Nations duty station, Kenya also supported the Secretary-General's proposals to strengthen that Office. As table 27 G.2 of the budget estimates showed, it was proposed to increase by 9.7 per cent, or $979,500, the budget requirements of the Division of Administrative Services of the United Nations Office at Nairobi. However, at the same time, extrabudgetary funding was expected to fall by $1.3 million. The activities of the United Nations Environment Programme (UNEP) and Habitat were funded predominantly by extrabudgetary resources, which served to reimburse the Office for the services it provided to them. Being increasingly reliant on those funds for financing their core activities, the two bodies had experienced serious financial difficulties in the 1990s, which explained why their ability to plan and manage had deteriorated. It would therefore be necessary to increase funding from the regular budget to finance them in order to enable them to plan their activities better and better fulfil their mandates.

55. **Mr. Laptenok** (Belarus) said that his delegation supported the recommendation of the Committee for Programme and Coordination on the allocation of resources among the various sections of the proposed programme budget, which should be entirely in accordance with the priorities established in the medium-term plan. It associated itself with those delegations which had emphasized in that connection that priorities could be altered only on the express request of Member States. It also shared the opinion of other delegations which wanted to see an increase in the resources for the Department for Disarmament Affairs and the development of developing countries and countries with economies in transition.

56. In a zero-growth programme budget, amounting to $2.6 billion, extrabudgetary funds were an important source of financing. Nevertheless, the level of such funds compared with that of budgetary funds was cause for concern. For all activities to be financed appropriately, it would be necessary to establish a mechanism which, in the event of extrabudgetary funds being received for a particular programme, would enable regular budget funds allocated to that programme to be diverted to other activities benefiting from less generous extrabudgetary funding or even not benefiting from such funding at all. It was essential that the contribution of extrabudgetary funds should not introduce distortions in the order of priority prescribed by the General Assembly for activities which were mainly financed from the regular budget.

57. His delegation welcomed the move to results-based budgeting. Noting that 80 per cent of the Organization's resources went on administrative and staff costs, it hoped that the new approach would help to improve personnel management. There was still a long way to go before all the possibilities for achieving savings had been exhausted, and it was important not to slacken in that endeavour. The best way of enhancing the efficiency of the Secretariat was to renew the personnel, calling on highly qualified civil servants chosen from among candidates presented by Member States, with due respect for the principle of equitable geographical distribution. For new priorities and programmes, the candidates recruited should have the desired skills. It would then be possible to save some of the substantial amount currently devoted to staff training, which was a luxury the Organization, with the budget it had, could, unfortunately, not allow itself. The fact that external experts and consultants were still called upon showed that the staff's ability to adapt to changing priorities fell short of needs, and that it would be useful to recruit by competitive examination. Also, in cases where experts and consultants were used, the principle of equitable geographical distribution must be respected. The same principle should be applied in filling high-level posts. As to reclassification of posts, he shared the view of most delegations that it was a practice which would eventually produce a top-heavy pyramid.

58. In conclusion, he said that in recent years Belarus had been among the first Member States to pay its contribution to the regular budget of the Organization and the budget of the international tribunals, and that it had fully repaid its debt for peacekeeping operations for the period since 1996.

The meeting rose at 11.45 a.m.